



EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

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Prospects for an economic agreement  
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### World News

## Lebanese MPs fail to elect a new president

Lebanon's political crisis deepened as Parliament failed to obtain a quorum for the scheduled vote to pick a successor for President Amin Gemayel.

### Poll lifts Bush

An ABC News-Washington Post poll, taken on the eve of the Republican convention, showed presidential candidate George Bush had closed to within three points of Democrat Governor Michael Dukakis - a statistical dead-heat.

### Hostage drama ends

West German police captured two armed bank robbers, ending a three-day hostage chase through Germany and Holland. A woman hostage was killed in the gun battle, bringing the death toll to three.

### Polish strikes grow

Pro-Solidarity labour unrest spread in Poland, crippling production at five coal mines in the south and the port of Szczecin.

### Killings in Burundi

Official reports from Burundi, where 100,000 people are estimated to have died in inter-ethnic violence in 1972, said that members of the Tutsi tribe were being massacred in the north of the country.

### Pacific poll delayed

Next month's scheduled referendum on a settlement in the Pacific territory of New Caledonia has been delayed at least until the end of October.

### Czech protest halted

Police arrested about 30 foreigners demonstrating in Prague, in advance of this week's 20th anniversary of the Soviet-led invasion of Czechoslovakia. Anti-reform pressures, Page 2

### US Mandela call

The United States said it was deeply concerned about the health of South African black nationalist leader Nelson Mandela and called on Pretoria to release him from prison.

### More Angola talks

Angola, Cuba and South Africa will meet from August 24-26 in the Congolese capital of Brazzaville, for continued negotiations on the future of south-western Africa.

### Sudan cholera fear

Health workers in the Sudanese capital, where 1.5m have been made homeless by flooding, fear that a suspected case of cholera could herald a serious epidemic. Egyptian dams fill, Page 4

### Afghan deadline met

The US said the Soviet Union had met a UN requirement to withdraw half its troops from Afghanistan by August 15 and admitted that the majority of Afghanistan was free of Soviet troops.

### Home after 34 years

Three Soviet seamen whose merchant ship was seized in June 1954 arrived in Moscow after 34 years in captivity in Taiwan.

### Business Summary

## Bell opens door to \$850m bid by Bond

BELL GROUP, flagship of the reduced business empire of Perth financier Mr Robert Holmes à Court, recommended acceptance of a \$850m (US\$600m) bid by Bond Corporation, one day after Bond Corporation finally secured a majority stake. Page 17

### ALKEN-KRONENBOURG, Belgian brewing offshoot of BSN, the French industrial group, has merged with Meas, the second largest brewer in Belgium. Page 17

### BAYER, West German chemicals group, said pre-tax profits rose by 20 per cent to DM1.86bn (\$976m) in the first half of this year from DM1.55bn in the corresponding 1987 period. Page 19

### DOLLAR: Central banks intervened to try to reverse some of the US unit's recent gains. Their efforts partly succeeded, but the markets felt the dollar would continue to be in demand. In London it closed at DM 1.994 compared with DM1.9125 on Wednesday. The Bank of Japan did not intervene and the dollar closed at ¥138.5 against ¥134.05 on Wednesday's ¥134.05. Page 23

### JAPANESE Ministry of Finance is easing its controls on European and Japanese banks in a bid to stimulate new business. Page 20

### AMEC, UK construction, engineering and property group, increased pre-tax profits by 60 per cent to £22.2m (\$37.7) in the first half. Page 21

### FISONS, UK pharmaceuticals, scientific instrument and horticulture group, announced the \$460m acquisition of the pharmaceutical division of the US-based Penwalt Corporation. Page 17

### TANDY, US computer maker and electronics retailer, reported a 29 per cent rise in fourth quarter net earnings to \$7.22m, from \$4.44m a year ago. Page 18

### BRITISH TELECOM'S second-quarter profits increased by 7.4 per cent before tax to \$510m (\$1.53bn). Page 17

### VERA, diversified West German energy, oil and chemicals concern, said its group net income rose 10.2 per cent in the first half to DM333m (\$629.8m) from DM304m a year earlier. Page 19

### PHARMACIA, Swedish biotechnology and pharmaceuticals group, lifted first-half profits after financial items by 5 per cent to SKr449m (\$69m), from SKr426m a year earlier. Page 19

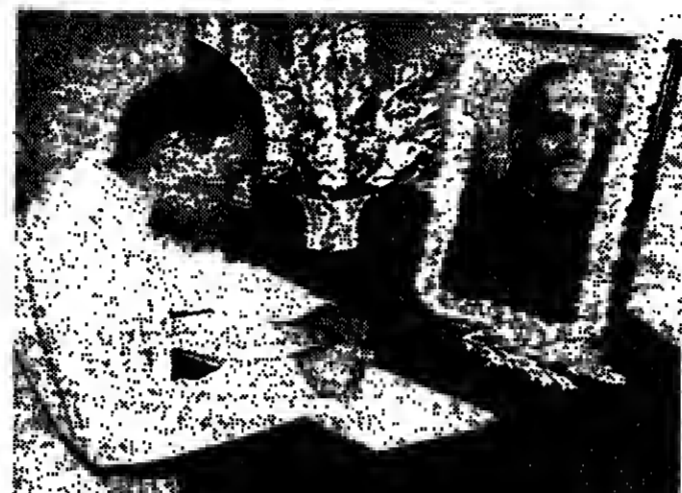
### SKF of Sweden, one of the world's leading roller bearings makers, lifted first-half profits by 2.5 per cent to SKr626m (\$99m), from SKr611m a year ago. Page 19

### NEDLLOYD, Dutch shipping and transport group, reported a first half profit of F1.52bn (\$110.9m). In the first half of last year the group suffered a loss of F1.56bn and did not pay an interim dividend.

# Speculation grows that Zia was victim of assassination

By David Housego and Christina Lamb in Islamabad

SPECULATION was growing in Pakistan yesterday that President Zia-ul-Haq was assassinated. President Zia, along with his senior military staff was killed when his aircraft exploded in mid-air on Wednesday.



Prime Minister Rajiv Gandhi of India signing the book of condolences in front of a photograph of the late Pakistani President Zia-ul-Haq at the Pakistan High Commission in Delhi

Inquiries yesterday had still not resolved the mystery of what caused the explosion which killed all 90 people on board a C-130 military aircraft transporting the President to army manoeuvres in eastern Pakistan.

Amid a welter of speculation and rumour, the most plausible explanation for the disaster was that disaffected members of the armed forces may have been responsible for planting a time bomb on the aircraft.

Killed along with President Zia were Gen Akhtar Abdul Rehman, chairman of the joint chiefs of staff, another full general, three major-generals and Mr Arnold Raphael, the American Ambassador.

Gen Zia's death is seen as making a return to democracy easier. The politician who seemed best placed to benefit from the new situation is Ms Benazir Bhutto, daughter of the former President and the leading opponent of President Zia. She said yesterday that Gen Zia's death had "removed the shadow under which I myself and all those dedicated to democracy have been living."

Pakistan showed little sorrow at President Zia's death, but was shocked by an event that caused the death of 90 people. The bazars were closed in all the major cities. In Lahore people crowded into the army stadium to mourn the 30 victims of the air explosion. But in Peshawa and Rawalpindi, people put out flags of the opposition Pakistan People's Party.

# Beregovoy outlines plan for simpler tax system

By George Graham in Paris

MR PIERRE BEREGOVY, the French Finance Minister, plans to embark next year on a far-reaching overhaul of his country's tax system designed to make it fairer, simpler and more efficient.

French politicians of all parties have toyed with the idea of a global remoulding of the tax system modelled on the Reagan reform in the US, but Mr Beregovoy is likely to give a more redistributive tone to his reform, even though some of his socialist colleagues regret his tightness on public spending.

employment and research, rather than to cut taxes. France's total tax burden, representing 44.7 per cent of gross domestic product in 1987, is one of the heaviest in the EC, although this is largely accounted for by the size of French social security contributions.

# Australia, NZ seek trade pact

By Chris Sherwell in Sydney

AUSTRALIA and New Zealand yesterday promised to create a single market in trade, services and other commercial dealings across the Tasman Sea by 1990, setting a seal upon an economic relationship unequalled by any other two sovereign countries.

The declaration was the high point of the first summit meeting in Australia between Mr Bob Hawke, the Prime Minister of Australia, and Mr David Lange, his New Zealand counterpart.

tools, the most important of which calls for the removal of all frontier barriers to trade in manufactured and agricultural goods by July, 1990, five years ahead of the original timetable set in 1983. To help ensure that trade is fair, the two countries simultaneously committed themselves to a harmonisation of their competition laws.

MARKETS table with columns for S. Korea Composite Index, Sterling, Stock Indices, Dollar, and Interest Rates.

Table with columns for European, Americas, and Overseas, listing various financial metrics and indices.

Table with columns for Japan, UK, and Other, listing various financial metrics and indices.

Table with columns for Management, UK, and Other, listing various financial metrics and indices.

## Botha hints at Mandela release but sticks by policies

By Anthony Robinson in Durban

PRESIDENT P. W. Botha yesterday said he would like to release Nelson Mandela, the jailed African National Congress leader, on compassionate grounds, but ruled out any possibility of talks leading to future black majority rule.

Mr Botha repeated his demand that Mr Mandela should first renounce violence, but he went on to imply that a compromise might be reached which would allow Mr Mandela to be released for humanitarian reasons, possibly to a clinic or sanatorium, rather than a full release.

Mr Botha said it would not be wise for Mr Mandela to go back to jail at his age and said "a positive result" was possible, provided Mr Mandela continued to co-operate.

Speaking at a congress of party workers in Durban, Mr Botha made clear that he intended to press ahead with controversial changes to the Group Areas Act which could lead to large-scale evictions.

Both domestic and foreign governments have warned that this might invite renewed sanctions. The speech was mainly aimed at a domestic audience. In a passage which showed the party's rightward shift, Mr Botha said a referendum of the whites would show that some 80 per cent supported racially segregated residential areas, along with 70 per cent of "Coloureds" and Asians.

## Whirlpool and Philips unveil joint venture

By Roderick Oram in New York

Philips, the Dutch multinational, has agreed to sell for \$1.1bn (\$470m) a 53 per cent stake in its major domestic appliance business to Whirlpool of the US, in a move which will create the world's largest manufacturer of cookers and other home equipment.

Whirlpool, whose sales of \$4.18bn last year make it the second largest US appliance maker after General Electric, will consolidate the joint venture's results with its own to make the biggest player in world markets. It is believed, however, that manufacturing operations will remain separate.

Philips has been looking for some time for a partner to bolster its domestic appliance operations as the world market became increasingly dominated by multinationals such as Electrolux, the Swedish-based group.

Whirlpool, 77-years-old and based in Benton Harbor, Michigan, already has international links via joint ventures in Brazil, Mexico and Canada. One of the most famous and respected brandnames in US kitchens, it also makes equipment for Sears, Roebuck, the largest retailer in the world, under the Chicago company's own brand name. These products account for 37 per cent of Whirlpool's total sales.

Although well-placed in Europe, Philips has no presence in the US major appliance market. Earlier talks with Whirlpool, which had dragged on for more than a year, broke down late last year, apparently over price.

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## UK refers RHM bid to mergers agency

By Nikki Tait in London

IN A SURPRISE move, the £1.7bn (\$2.88bn) bid for Ranks Hovis McDougall, the British bakeries and food group, by Sydney-based Goodman Fielder Weatle, is being referred to the UK Monopolies and Mergers Commission.

mission has been asked to report within three months. Financing of the GFW offer involved extensive bank loans, making it one of the most highly leveraged bids for a major British company. However, recent Government policy has suggested that leverage itself would not normally be grounds for a referral, and the stockmarket was unprepared for the RHM decision.

Advertisement for ANZ bank, featuring text in multiple languages: "Muchilankuridwe cini conse banki ya ANZ", "En toutes langues ANZ est la première des banques internationales", "H ANZ είναι σ' όλες τις γλώσσες η πρωτοπόρος διεθνής Τράπεζα της Αυστραλίας.", "En cualquier idioma, ANZ es el primer banco internacional de Australasia.", "In any language, ANZ is Australasia's leading international bank." Includes contact information for ANZ Worldwide.



# Chile banishes union leaders for role in strike

By Mary Helen Spooner in Santiago

CHILE'S Supreme Court has sentenced the president and vice-president of the country's largest labour organisation, the National Workers' Command, to 541 days' internal exile for their part in organising a general strike last October 7.

Command president Mr Manuel Bustos and vice-president Mr Arturo Martinez are to be banished to small remote towns for the duration of the sentence. The court also sentenced a third labour leader, Mr Moises Labrara, to 61 days' imprisonment.

The Interior Ministry accused the three of violating internal security laws, filing charges the day after the strike.

Chilean police arrested 74 people on Tuesday night and 17 more on Wednesday, in anti-government demonstrations during General Augusto Pinochet's visit to Punta Arenas, the country's southernmost city.

Gen Pinochet told a group of pro-regime youths that the

Chilean military would continue to play a political role. "We military are going to continue to practise politics," he said, and noted that military officers had briefly served in Cabinet posts during the Socialist Government of Salvador Allende (1970-73).

Gen Pinochet and the commanders of Chile's Navy, Air Force and National Police are to meet on August 30 to choose a candidate for the presidential plebiscite, tentatively scheduled for early October.

Gen Pinochet is expected to seek the nomination, backed by a hardline faction of his government.

Nevertheless, at least three of the junta members said that if a military candidate were chosen, he would have to serve as a civilian during the new eight-year presidential term ending in 1997.

This means that General Pinochet would have to resign as Chile's army commander should he be nominated and win the plebiscite.

# NSC staff stonewall drug probe by Congress

By Nancy Dunne in Washington

THE Reagan Administration's National Security Council staff are blocking attempts by Congress's investigative arm to gather information about links between foreign leaders' drug-trafficking and US foreign policy.

Congressman Bill Alexander, an Arkansas Democrat, has released letters between the General Accounting Office and various federal agencies which have refused to co-operate in the investigation.

The proposed inquiry, requested by Mr Alexander and Senator John Kerry, a Massachusetts Democrat, would focus on the alleged drug-trafficking activities of Panama's military strongman General Manuel Noriega, who has been indicted in US courts for violating American racketeering and drug laws.

Mr Alexander said he planned to offer an "anti-stonewalling amendment" to drug legislation now in Congress which would require the sharing of information among federal agencies about foreign illegal drug activities.

Mr John Lawn, head of the Drug Enforcement Administration, told a Senate subcommittee that he had written letters praising the anti-drug efforts of Gen Noriega and that he had not been told about a criminal investigation into his alleged involvement with drug-trafficking.

The Administration's onerous links with Gen Noriega have been attacked by Governor Michael Dukakis, the Democratic presidential candidate.

According to letters released by Mr Alexander, the GAO has been seeking access to personnel and records at the Departments of State, Justice and Defense since May 11.

Although the Pentagon co-operated at first, it later told the agency it had been instructed by the NSC to cease co-operation until the council devised guidelines for access to sensitive national security information.

The Justice and State Departments said they had also been instructed not to meet the GAO staff.

# Yawns in middle of an American dream

By Peter Riddell in New Orleans

WHEN AT 11.08pm on Wednesday night George Bush's eldest son cast the votes on behalf of Texas noted to give his father a majority of the delegates, the massive screen in the Superdome flashed the message "Over the Top."

It was an apt comment on an evening night devoid of all suspense. The elaborate plan by Republican leaders to project George Bush's qualities as a potential president in his own right strained the patience of many in the convention hall.

A number had drifted away well before the end of the nominating roll call, which took 90 minutes and held up the announcement of Mr Bush's majority until past midnight for East Coast TV viewers.

The leadership had spared no efforts in highlighting Mr Bush's experience and the breadth of his appeal. Throughout the evening there was no mention of the Reagan Administration. Instead, it was the Reagan-Bush record, the Reagan-Bush tax cuts. As the campaign button says: "The Tradition Lives on."

By contrast, speaker after speaker drummed home the message that Mr Michael Dukakis was a big-spending, high tax Democrat, a liberal (a term of opprobrium), and weak on law and order, defence and the environment.

Various celebrities appeared to attest to the Vice-President's strengths - veteran actress Helen Hayes, and two sports stars of the Superdome, former Dallas football quarterback Roger Staubach and Joe Paterno, the current football

coach of Penn State's Nittany Lions.

Mr Paterno has been criticised for taking a partisan stand, but, as part of the university faculty, he has invoked academic freedom.

There was a careful ethnic and regional balance - a successful female Mexican American entrepreneur ("I have found the American dream") and a first-generation Asian American.

There were several blacks, including one from Maryland who was introduced by the playing of the state anthem more familiar to British ears as The Red Flag, somewhat incongruous in the home of free enterprise.

The Vice-President's undoubted qualities as a decent man who heads a happy and close-knit family were successfully and repeatedly conveyed as each of his five likeable children delivered the votes of their separate states on behalf of their father.

But it was all somewhat flat. During the lengthy nomination speech from Senator Phil Gramm of Texas, the delegates were restless. One joked: "Is this Bill Clinton?", a reference to the similarly tedious nominating performance by the Democratic Arkansas governor in Atlanta a month ago.

Nevertheless, there was an 18-minute floor demonstration with thousands of balloons pouring down from the dome's roof. The roll call itself was an anti-climax, with the usual local boosterism.

Mr Bush watched it all from his hotel on the edge of New Orleans's French Quarter. Senator Dan Quayle, Mr Bush's running mate, put in a brief appearance, looking every inch the game-show host, as he has been dubbed, before he toured the television booths to be questioned about whether his family had used influence to get him to the National Guard to avoid service in Vietnam.

Mr Quayle's arrival prompted the only spontaneous moment of the evening when Senator Bob Dole, the



George Bush shadowed by Dan Quayle, "game show host"

# Argentina's air deal with SAS under fire

By Gary Mead in Buenos Aires

THE DEAL between Argentina's state airline Aerolineas Argentinas and the Scandinavian fleet SAS has come under fierce attack from four of the six trade unions representing the country's airline workers.

Speaking for the four unions concerned, Mr Rodolfo Casali, head of the Aeronautical Staff Association, called the \$204m (\$121m) SAS is to pay for its 40 per cent stake "a joke."

On Wednesday, Mr Horacio Domingorena, president of Aerolineas, resigned in protest at the deal. He has disputed the official government version of the figures, claiming that the actual price SAS is to pay is \$150m.

The deal, which has considerable political as well as economic overtones in Argentina, must be presented to Congress for approval.

The pilots' association has welcomed the sale, but union leaders representing the bulk of the industry have taken Mr Domingorena's position.

Mr Casali accused the Government of handling the deal in a secretive fashion, adding that it "violates all and each of the applicable laws."

He disparaged the Government's view of SAS as a major international airline, saying that SAS was ranked 18th in world terms by the International Air Transport Association, and had an older fleet than Aerolineas and a total debt of \$1.25bn.

Mr Casali suggested that as Aerolineas had a fleet of 32 aircraft, including seven jumbo jets which he valued at \$60m each, plus computer equipment and valuable routes, the implied valuation of Aerolineas' total assets at \$10m considerably underestimated its real worth. The unions opposing the deal would take legal and other steps to prevent its fruition, he said.

Mr Enrique Pescarmona, vice-president of Argentina's second largest airline, the privately run Austral, has reiterated its interest in buying at least 45 per cent of Aerolineas. On July 19 Austral, with Swissair and Alitalia, announced its wish to be considered in place of SAS.

# Row over Venezuela President's secretary

By Joe Mann in Caracas

A SENSATIONAL public row centred around the political ambitions of the Venezuelan President's private secretary, is causing strains and embarrassment for the country's ruling party, Democratic Action, and for the Government.

This public spectacle comes at a time of already high political tensions caused by this year's presidential campaign.

Mrs Blanca Ibanez, a long-time political and personal associate of President Jaime Lusinchi and now his private secretary, has sought a place on AD's lists of candidates for the national congress to be elected on December 4, along with a new president. Under Venezuela's voting system, obtaining a national congress seat usually guarantees a place in Congress.

But Mrs Ibanez's efforts have met strong opposition from Mr Luis Pinerua Ordaz, a long-time AD leader and unsuccessful presidential candidate.

Mr Pinerua charged that the President has tried to pressure the party to assign the congressional seat to Mrs Ibanez and that she exercises excessive power in her post as private secretary to the chief executive.

Mr Pinerua has also asserted that the President, who recently won a divorce decision, is supporting Mrs Ibanez because of an intimate relationship between the two.

In a forceful public response, Mrs Ibanez said that she had worked for the party faithfully for two decades and deserved an opportunity to stand for Congress. She said that attacks against her by Mr Pinerua were in fact directed at his old political foe, now the President, and that no one had the right to insult her dignity. She added that if she were indeed the lover of the President, she would be proud and honoured.

A majority of AD party leaders decided this week to adopt a "Solomonic" decision. In a surprise move, the party's national executive committee voted to exclude both Mr Pinerua and Mrs Ibanez from next year's congressional slates.

The personal relationship between the President and his secretary has been an "open secret" in Venezuela's "political circles," and the President's decision to seek a divorce while in office caused consternation among some AD party leaders.

# Reserves drain forces Trinidad devaluation

By Carute James in Kingston

THE Trinidad and Tobago dollar has been devalued by 15 per cent to a rate of 4.25 to the US dollar.

The move is a sign of increasing problems for the country's oil-based economy, which has been declining for two years.

Mr Ray Robinson, Prime Minister and Finance Minister, is to present a package of economic measures tonight, intended to halt a drain on foreign reserves, which are expected to be depleted in a fortnight.

Mr Robinson's Government has been talking to the International Monetary Fund about loans for balance of payments support, and dignitaries in Port of Spain, the capital, suggested that the devaluation could be one measure of "establishing a basis" for the negotiations.

# Best news for bald Upjohn investors

By Martin Stanbridge in New York

BALD men in the US, and investors in Upjohn, the Kalamazoo, Michigan, based pharmaceutical group, were yesterday appraising the news that the US Food and Drug Administration had approved marketing of the minoxidil anti-balding drug.

The company has been trying for two and a half years to win the right to sell the drug, known under the trade name Rogaine, in the US. Now all it has to do is set a price for the drug, which is already sold under prescription as Rogaine in more than 40 other countries.

Analysts believe it will have annual sales in the US of between \$100m and \$300m (\$118m). For the last full year Upjohn had sales of \$2.51bn.

The projected Rogaine sales assume that 30 per cent of America's 8m balding men are of the right age to be interested in the product, 20 per cent of these will actually try it and a third of those will stick with it. This is more than in Europe, partly because at first the drug will have US patent protection. Also, analysts say, there is traditionally greater market penetration of new products in the US. Total overseas sales of

Rogaine were \$30m last year, and are expected to amount to \$60m in the current 12 months.

However, although analysts believe Rogaine will have a marked effect on Upjohn's share price in the medium-to-long term, they feel investors are nervous about the uptake of the drug. On a number of occasions in the past Upjohn's share price has fallen on news of medical reports casting doubts on Rogaine's efficacy.

As for America's balding men, they will not know whether to be pleased by the news until Upjohn sets a price for Rogaine.

# US shuttle maintains its mystique

Peter Marsh visits Kennedy Centre, one of 2.5m people this year

THE SHUTTLE has been grounded for too long. You have to move on. That was the bullish view of Mrs Pat Saylor, one of the 2.5m people who this year are visiting the Kennedy Space Centre in Florida, where the US space shuttles are launched.

Mrs Saylor, a grandmother from Pennsylvania, was at the centre this month as the base was creating under the strain of its summer onslaught of tourists.

Some 370,000 people turned up at the centre last month, the largest number for a single month since the base opened its doors in 1968. August looks likely to top that.

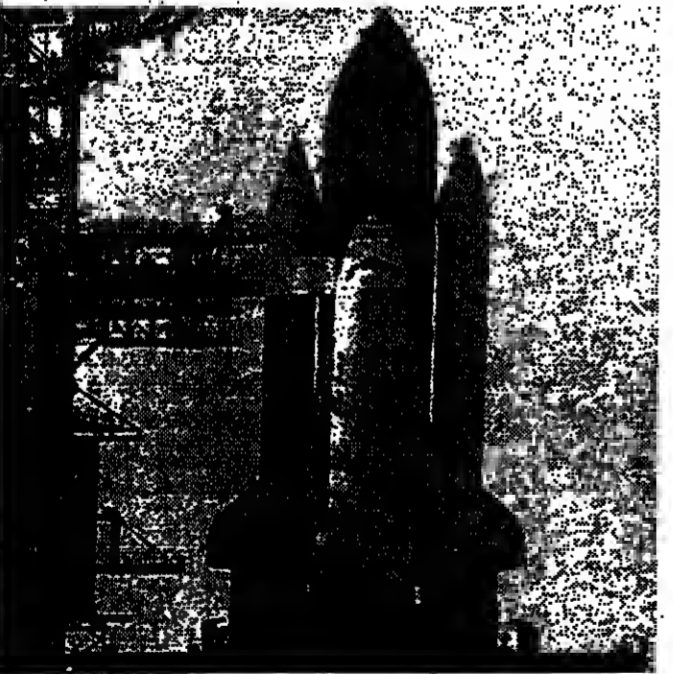
The special attraction this summer is that if all goes to plan, the shuttle fleet should soon be flying again after a break of two-and-a-half years caused by the Challenger disaster in January 1986.

Tourists have had the first chance since then to gaze at a space shuttle as it launches from the Kennedy Space Centre, which is where Discovery, one of the three vehicles in the fleet, is being prepared for lift-off later this year.

The stream of tourists at Kennedy, who add up to one of the biggest commercial spin-offs of the space programme, make it likely that the number of visitors this year will exceed the record attendance figure for 1987 of 2.5m.

The US National Aeronautics and Space Administration (Nasa), which runs the Kennedy centre, is charged by Congress to be as open as possible about its activities.

At the Florida base, visitors spend most of their time in a special area well away from the main Nasa operations. Here they can, without charge, wander around several buildings which house imaginative exhibitions telling the story of space flight. Outside, there are real rockets to inspect, including the Saturn vehicle that took Americans to the moon.



The shuttle Discovery, due for lift-off later this year

as a five-storey building which shows a 25-minute film about the space shuttle.

So far this year about 1m people have seen the movie at Kennedy. The photography in the film, which features magnificent pictures of the Earth taken from the shuttle and several inspirational shots of the vehicle taking off, is of such quality that even a hard-billed sceptic of space extravaganzas could hardly fail to be impressed.

That, of course, is the intention. The fees for the various attractions are deliberately kept low to encourage as many visitors as possible.

Nasa is highly aware that to keep up support for its activities in Congress - where it is not overwhelmingly popular - and where it sometimes has to fight hard for its annual budget allocation, now \$9bn a year - it has to win the hearts of the public. The visitor activities at the Florida centre, which have attracted for 36m people since 1968, are a vital part of this policy.

The tourist operations at

contract in the 1990s, which should be open later this year.

According to Mr Meguiar, TW Recreational Services has also invested large sums of its own cash at Kennedy, including \$13m spent on a fleet of four buses and improvements to buildings. The company employs 250 people full-time on the visitor operations and up to 250 part-timers.

Mr Meguiar thinks the rising trend of visitors to the centre will continue for the foreseeable future. He says the Challenger accident, which killed seven astronauts, has not in general made people think twice about the wisdom of manned space travel.

"The public did not view Challenger as a failure," said Mr Meguiar. "The space programme is ploughing new fields. Whenever you do something new there are bound to be accidents."

Indeed, while during the 1970s there was a clear correlation between the number of visitors and the level of US manned space activity, public interest in the space programme, as measured by attendance figures, has if anything increased following the Challenger explosion.

Outside Mr Meguiar's office, not everyone is quite so sure about the positive aspects to space travel. Mr Sam Ainsworth, who had travelled to Florida on holiday from Liverpool with his disabled son, said money from the space programme should be spent on Earth, on improving life for disabled people for example.

Much more confident, however, was Josh Jones, aged 12, from St Louis. He said he was highly enthusiastic about space and had already decided to become a spacecraft designer.

Probably summing up the more mixed sentiments of the majority of the visitors was Ms Shannon Beimers, aged 18, from Michigan, who said: "I was always in favour of the space programme but the Challenger accident scared me. On balance I think we should keep going to find out what is out there, and to learn new things for the future."

## Anglo American Industrial Corporation Limited

Incorporated in the Republic of South Africa • Company Registration No. 63/0528/06

# AMIC

## Interim report and notice of interim dividend

**Interim report**  
The following are the unaudited financial results of the corporation and its subsidiaries for the six months ended June 30 1988, together with corresponding figures for the six months ended June 30 1987 and the year ended December 31 1987. These should be read in conjunction with the notes below:

	Six months ended	Six months ended	Year ended
	June 30 1988	June 30 1987	December 31 1987
	R million	R million	R million
Turnover	2 123	1 691	3 546
Earnings from operations	345	212	473
Share of earnings of associated companies	89	63	164
Dividends	45	36	63
Retained earnings	45	27	101
Income from investments and interest earned	44	54	69
Finance lease charges	477	329	706
Interest paid	38	37	74
	29	54	40
	67	91	114
Earnings before taxation	410	238	392
Taxation	135	52	127
Earnings after taxation	275	186	465
Outside shareholders' interest in earnings of subsidiaries	74	54	119
Earnings attributable to ordinary shareholders	201	132	346
Number of ordinary shares in issue (000)	53 685	50 826	53 600
Earnings per ordinary share* - cents	375	263	663
Dividends per ordinary share - cents	85	65	225
Interim Final	85	65	65
			160
Capital expenditure for period - R million	123	89	178
Capital expenditure commitments - R million	339	80	107
Group capital employed - R million	4 412	4 095	4 126
Group borrowings - R million	1 636	1 312	1 122
*Based on weighted average number of 53 622 150 ordinary shares in issue for the period.			

6. The South African economy performed strongly during the first half although the greatest demand was concentrated in consumer related products whilst growth in new capital investment remained unsatisfactorily low. The strong resurgence in world metal and commodity prices, accompanied by a progressive depreciation in the rand, benefited most subsidiary and associated companies with notable performances being recorded by Highveld, Mondi and Board. As a result, attributable earnings per share have increased by 48 per cent as compared to the same period in 1987 and the interim dividend has been increased to 85 cents per share (1987: 65 cents). Earnings for the year are expected to show a significant improvement over 1987 although second half results will be progressively affected by a decline in the rate of growth in the South African economy following the imposition of tighter credit conditions and higher import surcharges.

For and on behalf of the board  
W G Bousted, Directors  
L Boyd

### Interim dividend No 49

On Thursday, August 18 1988, the directors of the corporation declared interim dividend No. 49 on the ordinary shares as follows:

Amount (South African currency)	85 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, September 16
Registers closed from to (inclusive)	Saturday, September 17 Saturday, October 1
Ex-dividend on The Johannesburg Stock Exchange and on The Stock Exchange - London	Monday, September 19
Currency conversion date for sterling payments to shareholders paid from London	Monday, September 19
Dividend warrants posted	Thursday, October 20
Payment date of dividend	Friday, October 21
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the corporation and its transfer secretaries.

By order of the board  
Anglo American Corporation of South Africa Limited  
Secretaries

per D J Alison  
Divisional Secretary

Transfer Secretaries  
Consolidated Share Registrars Limited  
1st Floor - Edura  
40 Commissioner Street  
Johannesburg 2001  
(PO Box 61 587 Marshalltown 2107)  
South Africa

Hill Samuel Registrars Limited  
6 Greenoak Place  
London SW1P 1PL

August 19 1988



PAKISTAN AFTER ZIA

Death changes the political map

Christina Lamb on the parties now their common object has gone

THERE IS an air of expectation in Pakistan today. The shops may be closed, the streets may be empty, but inside every house...

A MAN STRONG FOR ISLAM

PRESIDENT ZIA'S last interview to the foreign press before his death was given exclusively to the Financial Times.

family. He left behind him a wife, two sons and three daughters, one of whom was handicapped.

party chief. These three close associates of the President made no secret of their intention to wrest the party from Mr Junjo, even forcibly preventing a meeting to re-elect Mr Junjo as president from going ahead on Saturday.



Benazir Bhutto no longer a lone battle against the dictator who hanged her father



Two days later, he was unanimously elected provincial

Period of uncertainty likely in US-Pakistan relations

By Lionel Barber in Washington

THE DEATH of President Zia removes a leading pro-American force in an unstable region of the world and opens a period of uncertainty in US-Pakistan relations.

Soviet puppet regime in Kabul and the Afghan rebels respectively. The death of Gen Zia may influence what is already a delicate symmetry regarding arms supplies.

Problems of assessing a singular economy

By Christina Lamb in Islamabad

ASSESSING Pakistan's economy under President Zia is no easy task. On paper it is doing well, averaging an impressive growth rate of 6 per cent per annum and recently commended by the World Bank.

supporting Gen Zia's view that the economy was "on the verge of bankruptcy".

ment laundry scheme to allow black money to be invested in industry and government projects, so legitimising it.

him and over the past few weeks an increasing number of concessions has been made to stop them striking.

Key player on the Indian sub-continent

Robert Graham reports on relations with Afghanistan and India

THE sudden death of President Zia has removed, albeit temporarily, Pakistan from being one of the key protagonists on the Indian sub-continent and in parts of Asia and the Middle East.

heavy dependence upon the US.

lower: "No matter who rules Pakistan, we do not foresee an easy or early end to friction between the two countries."

OTHER OVERSEAS NEWS

Mandela question dominates Botha party conference

By Anthony Robinson in Durban

THE BATTLE of wills between South Africa's two most important political leaders, President P.W. Botha and Mr Nelson Mandela, the jailed African National Congress leader, took centre stage at the opening of the Ruling National Party's provincial congress in Durban yesterday.



Mandela: co-operation sought

troverial changes to the Group Area's Act and was prepared to make a few concessions as possible to the black majority.

Mr Mandela, who has been in jail since 1962, is in Cape Town's Tygerberg Hospital being treated for what his lawyers say is tuberculosis.

Lebanese presidential election fizzles out

By Tony Walker

LEBANON'S attempt to elect a president fizzled out yesterday when the largely moribund Parliament, which was due to vote on a new head of state, failed to reach a quorum.

Mr Hussein Housseini, the Speaker, adjourned Parliament after only 38 deputies appeared, well short of the 51 required.

Japanese head queue for Burmese business

Stefan Wagstyl reports on Tokyo's hopes if Burma opens doors to the outside world

IF THE political crisis in Burma ends with the country opening its doors to the outside world, some of the first people to come calling will be Japanese.

under party leader General Ne Win. Less than a month ago Sein Lwin replaced Gen Ne Win, who is nevertheless suspected to be still active behind the scenes.

intently for signs that the country intends to follow more open economic policies. The hope is that the passage of economic reforms approved in Rangoon last month, which includes laws to promote joint ventures, will come into effect.

completes power in 1962 and ruled Burma with an iron hand until his resignation as president this summer plunged the country into political turmoil.

despite the spiralling of the Burmese economy, Japan has continued to provide the bulk of Burma's aid, giving 55 per cent of a total of \$497m in 1982.

This in turn would allow the countries of the Association of South East Asian Nations to breathe more easily, especially Thailand, which borders Burma and has two Soviet-backed neighbours, Laos and Kampuchea.

Egypt looks forward to replenishment of Nile

By Barbara Stevin in Cairo

AS THE Sudan braces for more devastating flooding, Egypt is eagerly expecting an above-average replenishment of its huge reservoir behind the Aswan High Dam and a respite from the long drought that has cut its power and food production.

Israeli beatings 'left 8 dead'

By Tony Walker

AT LEAST eight people died among thousands who were beaten by the Israeli armed forces in their efforts to suppress Palestinian riots in the occupied territories, Amnesty International has reported.

N-E Asia MPs urged to meet on regional tensions

By Ian Rodger in Tokyo

MR RIM YOUNG SAM, leader of the second largest opposition party in South Korea, has called for a conference of North-East Asian parliamentarians to help ease tensions in the area.

Improved in the region, especially among the countries that do not have diplomatic relations with one another. South Korea does not have diplomatic relations with China, the Soviet Union or North Korea.

WORLD TRADE NEWS

# W German meat exports hit by hormone scandal

By David Goodhart in Bonn

WEST GERMAN meat exporters are starting to suffer from the publicity surrounding the discovery of illegal hormone injections in several thousand calves mainly in the north-west of the country.

Yesterday Greek customs officials announced that they were holding up about 600 tonnes of German meat pending the result of their own hormone tests. And several of the major meat exporters - mainly in the south of Germany - have reported a sharp fall-off in demand, and not just for veal but for beef.

A total of 15,000 calves are thought to have been injected with the growth-inducing hormones, also believed to cause cancer in humans, and the slaughter of those worst affected has begun.

However the hormone scandal has rekindled the debate within Germany, and between Germany and the European Commission, over the appropriate level of border checks on meat. It has also stimulated the anxiety that after 1992 Germany will be flooded with food imports that do not reach its own high standards of hygiene. Despite the fact that the calf

injections were carried out in Germany and the one farmer arrested to date is a German, the farming lobby and customs officials have seized on the scandal and turned it into a crusade against meat imports especially from the Netherlands.

The Netherlands, which contains some of the most efficient farmers in the EC, accounts for about 50 per cent of Germany's meat imports, some 500,000 tonnes a year. The Dutch already complain that Germany's border controls are too stringent and partly protectionist in inspiration, a complaint which receives some backing from the EC.

By the end of 1992 the whole apparatus of border controls is due to be abolished and the relocation of testing duties - and the level required - is still being debated.

Bonn wants uniform rules throughout the EC on veterinary medicine and wants to raise the level of meat examination and control to the current German levels. In the meantime the German Government is also considering tougher penalties against its own "meat criminals".

# NZ dairies in joint venture with Soviets

By Alice Rawsthorn

THE New Zealand Dairy Board has set up a joint venture with authorities in the Soviet Union's Far East region, AP-DJ reports from Wellington.

The tie-up is aimed at developing Soviet Union's primary industry in exchange for imports of New Zealand dairy produce.

Sovenz, a board subsidiary dedicated to trade with the Soviet Union, will initially provide technical and marketing aid to exploit the resources on Sakhalin Island, the site of a big Soviet defence base.

The board is to help develop and export peat moss on the island on the understanding that a substantial proportion of the hard currency earned will be used to buy New Zealand cheese, butter and milk powders.

In the future, other resources such as fish, caviar, timber, minerals and fertilisers in the Soviet Far East may be exploited and exported as part of the agreement.

The board stresses that the joint venture is not a deal based on bartering.

It says that perestroika, the policy that has led to decentralisation of Soviet economic decision-making, has provided the opportunity for the joint venture.

# Anti-dumping plea against Turkey, Mexico rejected

By Alice Rawsthorn

THE European Commission has rejected lobbying from the textile industry to take anti-dumping action against Turkey and Mexico over their exports of acrylic yarn to Europe.

In the last year or so the European spinning mills, concentrated in Italy and the UK, have been hit by job losses and factory closures due chiefly to the surge in imports of cheap Turkish and Mexican yarn.

Interlaine, the body representing the European wool industry, appealed to the Com-

mission for anti-dumping action, saying the imports were unfair competition.

The level of imports began to rise two years ago. In the UK, for example, the influx of Turkish yarn rose from 619 tonnes in 1985 to 4,514 tonnes, or almost a tenth of the market, in 1987. Imports from Mexico increased from 409 tonnes to 1,574 tonnes over the same period. Turkish imports have decreased this year, but Mexican imports are still growing.

The Turkish and Mexican

yarn is being sold for less than it would cost to produce in the UK. This has depressed prices across the yarn market, imposing pressure on profitability at a time when demand for acrylic yarn is poor because of the trend away from knitwear to tailored clothing.

As a result the UK spinners have suffered falls in output and profits. There have been two mill closures - by Courtauld and Lister - and other companies have resorted to short-time working and redundancies.

The Italian and, to a lesser extent, the French spinners have also suffered. The Commission imposed quotas on Turkish yarn imports last year, but European spinners said they were too high and interlaine pressed for anti-dumping action against both Turkey and Mexico.

The Commission has now rejected the anti-dumping lobby, but Interlaine intends to continue pressing for more restraint on imports.

# Canadians join Milan transit system contract

By Robert Gibbens in Montreal

CANADA'S largest engineering company, Lavalin of Montreal, has made a breakthrough in the European market by linking with Ansaldo of Italy to design and build a five-mile light transit system in Milan. Total value of the contract is C\$230m (\$157m).

Lavalin's subsidiary UTDC will adapt the computer-controlled Vancouver Skytrain system that it also hopes to sell to Bangkok.

The initial phase is worth C\$130m, of which C\$70m would go for the UTDC equipment.

The second phase would extend the system. UTDC said it would start building the transit cars at its Kingston, Ontario, plant immediately.

# Indonesia suspends aluminium shipments to Japan

By Ian Rodger in Tokyo

THE Indonesian Government has suspended shipments of primary aluminium to Japan from the jointly financed Asahan smelter in northern Sumatra.

The smelter came on stream in 1982 under an agreement governing arrangements for offtake and exports. The suspension, which was apparently aimed at putting pressure on the Japanese to renegotiate the agreement on the project's output allocations, has upset the Japanese Government.

Yesterday, officials at the Japanese Ministry of International Trade and Industry (MITI) said that under the agreement, the Indonesian off-take was related to domestic

demand. There was no need at the moment for the Indonesian share to exceed 41 per cent although it would undoubtedly rise in the future.

MITI officials say the unilateral action by the Indonesians runs counter to normal commercial practice. However, they are taking a cautious approach because they do not want to create undue tension with an important South East Asian neighbour.

The Y300bn (£132bn) Asahan project was financed largely by funds provided by the Japanese Government and aluminium companies. Annual output is about 200,000 tonnes. Japan's ownership stake is now 59 per cent and Japanese companies

also take 59 per cent of the output.

In March, the Indonesian side signalled that it wanted a larger share of the output, apparently to take advantage of the strong world market for aluminium.

The Japanese side has been reluctant to meet the request, and last month the normal 9,000-tonne shipment to Japan was not sent.

The president of Japan Asahan, the Japanese joint venture company in the project, plans to visit Indonesia soon to discuss the problem, but MITI said there would be no negotiations unless shipments resumed.

China has offered to export

liquefied natural gas (LNG) to Japan from fields off Hainan Island in the south of the country, MITI has said. Reuter reports from Tokyo.

Officials of the China National Offshore Oil Corp told MITI and several Japanese gas and electric power companies that China was conducting pre-feasibility studies on a field off the south coast of the island with help from Atlantic Richfield of the US.

The study, which began last July, is expected to be completed in March, MITI said.

An official at the government's Japan International Co-operation Agency said the field's reserves were estimated at around 100bn cubic metres.

# Hungary leads East bloc drive for Israeli trade

By Leslie Collett in Berlin

HUNGARY is spearheading determined East European efforts to expand trade with Israel despite the lack of diplomatic relations between Warsaw Pact members - with the exception of Rumania - and Tel Aviv.

Budapest hopes to more than quadruple its annual two-way trade with Israel to nearly \$100m according to a member of the first Hungarian trade delegation to visit Israel in decades.

Israel, he said, could become a source of important technology for Hungary which in turn might sell goods jointly produced with Israeli companies tariff free in the US and EC.

Mr Sandor Demjan, chairman of the Hungarian Credit Bank, the nation's largest, noted Hungary had made a "mistake" in severing diplomatic relations with Israel in 1967, along with all but one member of the Warsaw Pact, a move which sent trade plunging.

Hungarian exports to Israel rose to record \$13.8m last year and were worth \$9m in the first six months of this year. Imports from Israel were \$3.6m in 1987 and \$5m to the end of

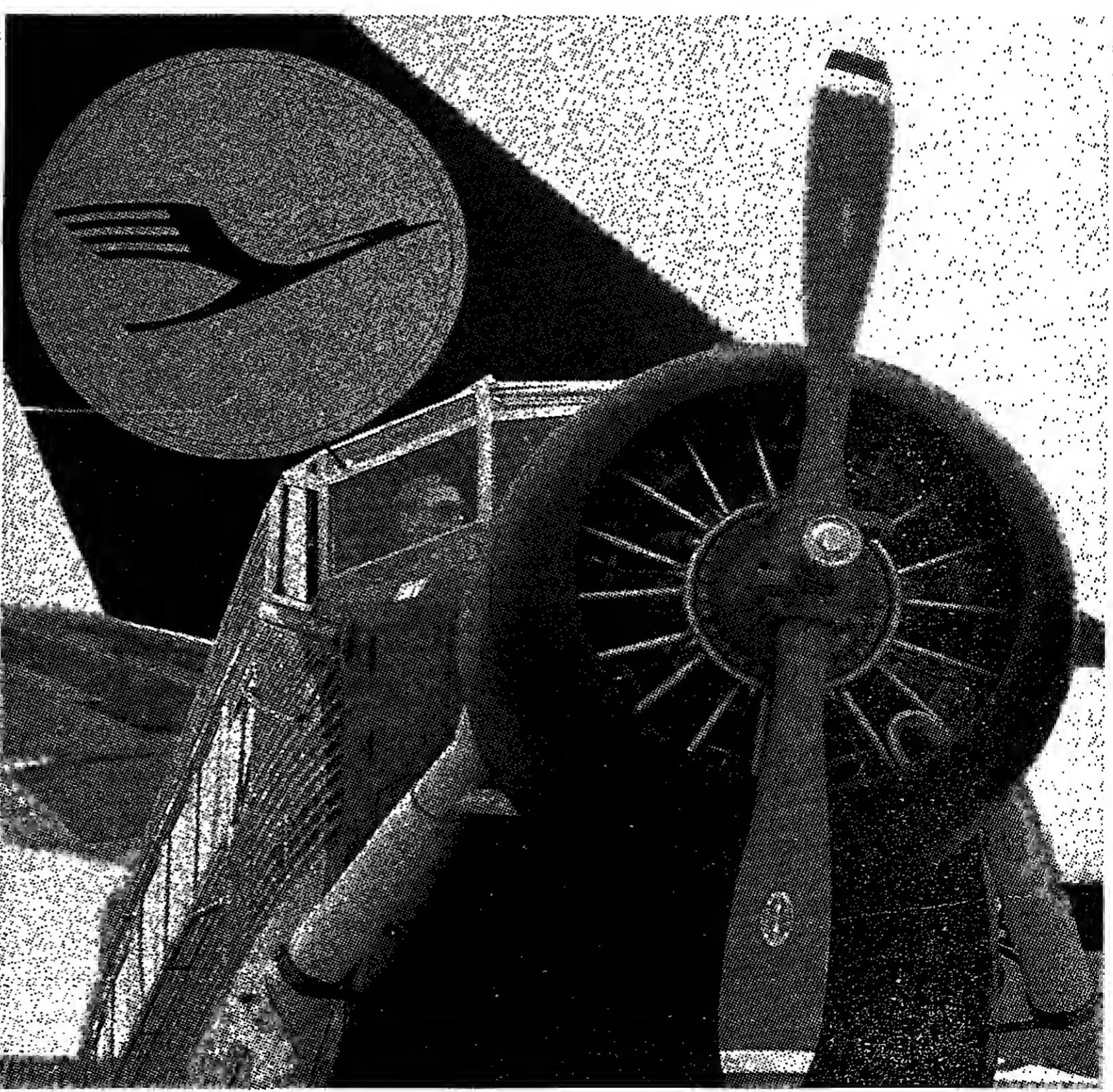
June this year.

Mr Demjan said encouraging talks had been held with Israel's leading companies. He noted that several Hungarian firms have been successful on the Israeli market. He gave as an example bulbs exported by Tungsram, the Budapest lighting company, illuminated the Wall in Jerusalem as well as the Israeli prime minister's office.

Mr Demjan spoke of Israel's high standards in electronics, chemicals, and agriculture. Yields of milk, vegetables and fruit were double those in Hungary and the adoption of Israeli technology he suggested would produce a gain of "several thousands of millions of forints for the national economy." He said the technology transfer would be aided by the fact that nearly 300,000 Israelis speak Hungarian and are "strongly committed to Hungary."

Specific talks took place in Israel on the transfer to Hungary of technologies for irrigation systems, cattle breeding, dairies, high nutrient fodder production and agricultural foil output in which the prospects of a joint venture were discussed.

# Aviation history and Lufthansa grew up together.



# De-mystifying the banks' approach to export markets

By Nancy Dunne in Washington

FOR a window into the arcane world of MDBs (multilateral development banks), SPNs (specific procurement notices), RFPs (requests for proposals), and IFBs (invitations-for-bids), to know who to call and even their phone numbers, there is a new "how to" exporters' handbook by Mr Nicholas Ludlow, a Washington procurement consultant.

It is a potentially lucrative read. Between 1983 and 1987, disbursements by the World Bank and the three regional multilateral development banks exceeded \$76bn. The World Bank alone disbursed almost \$15bn for projects in the last fiscal year, while committing \$19.1bn more in loans and credits to developing countries.

In terms of export business, the Latin American debtors, it is about the only game around. While sales to developing countries plummeted by 16 per cent between 1981 and 1986, MDB disbursements to those nations rose 65 per cent.

Mr Ludlow, who represents several companies, said his object with the book was to "de-mystify" the market and bring home the reality that any company, large or small, can compete in it.

Most of the contracts handed out are for bank-funded projects in the \$10,000-\$50,000 range. But less than 5 per cent of British and 3 per cent of American exporters are actively involved in marketing to development projects.

"People tend to say the market is too complex, too bureaucratic, too difficult, too big. That's nonsense! But nowhere else have companies been able to find practical information about what really happens."

Mr Ludlow said he was concerned about the drop in the British cumulative share of the development market, which plummeted by 12.6 per cent between 1980 and mid-1987. During that period, Sweden's share fell by 23 per cent; Bel-

gium lost 16 per cent; Germany, 17 per cent; and the US, 12.6 per cent. But only the UK - whose exporters have particularly good records - lost share at all four development banks.

The handbook analyses the 10 sectors the banks lend for - agriculture, education, energy, health, industry, telecommunications, tourism, transportation, urbanisation and water supply - and the 35 subsectors within those categories. It identifies 16 products required in the sectors and explains how companies can identify future projects.

The handbook stresses the importance of grasping early on the bank's overall development strategy in various countries. A typical World Bank project germinates in about two years, but it is vital for many contractors to get in at the start.

For big equipment sales particularly, if relationships are not established early enough, contracts may be lost before the bidding starts.

Included in the handbook are the inside stories of how three companies have successfully competed in the MDB market, including one US contractor that won a bid identified three years before the bid was issued. There is a graphically-illustrated guide to the bidding process, including a section covering the realities of the process in contrast to the official guidelines for bidding.

There are organisational charts for all the banks; telephone numbers for officials, listed by countries and sectors; key addresses and fax numbers; and tips on how to get free information potentially worth millions of dollars.

"A Practical Guide to the Development Bank Business," available from Development Bank Associates, 1725 Eye St, NW, suite 710, Washington DC, 20006. Telephone 202 785 2971. Cost \$185 plus postage.



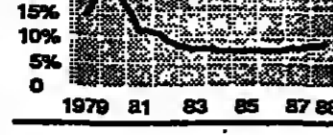
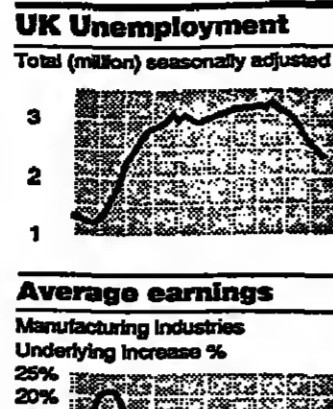
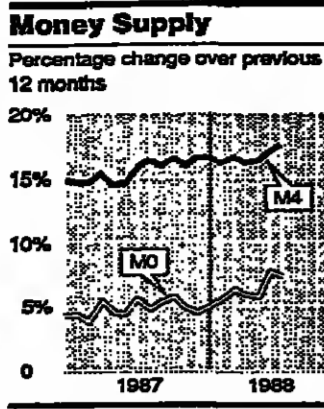
Frankfurt (069) 7596-101 for details.

UK NEWS

Fears of inflation persist despite buoyant economy

By Simon Holberton, Economics Staff

THE EXTRAORDINARY buoyancy of the UK economy was again underlined when yesterday figures were released showing another large fall in unemployment, a record surge in credit demand and further evidence that British industry will invest more this year than ever before.



However, a rise in the underlying annual rate of increase in average earnings in manufacturing to 9 per cent in June from 8 per cent in May, a fall in job vacancies and the large increase in lending heightened concerns over the outlook for inflation and lent support to the view that Britain was growing at an unsustainable rate.

Employment department figures showed that productivity in manufacturing remained very high. Output per head in manufacturing rose by more than 7 per cent in the three months to June compared with a year earlier, enabling wage costs to be kept to a 1.4 per cent rise for the same period.

The figures cover a period in which the Government raised interest rates from 7 1/2 per cent to 10 1/2 per cent and before building societies increased their mortgage interest rates. Rates were subsequently raised to 11 per cent earlier this month.

Industrial investment hits peak

By Ralph Atkins, Economics Staff

INVESTMENT spending by British industry grew rapidly in the three months to June reaching record levels, according to official figures published yesterday.

In manufacturing alone, capital expenditure rose by 9 per cent to a record level in the three months to June. Investment spending was 12 1/2 per cent higher compared with the same period a year before.

The figures show capital expenditure totalled £7.6bn at 1985 prices for the three months to June. In manufacturing, investment spending was £2.9bn at 1985 prices.



Mr Edward Heath, the former Conservative Prime Minister who took Britain into the European Community, yesterday inspected a Channel tunnel village built near Dover by the Eurotunnel contractor Transmanche-Link to ease workers' accommodation problems

University cuts put English reform programme 'at risk'

By David Thomas, Education Correspondent

LARGE cuts in university English departments could hinder official proposals to improve the teaching of English in schools, the Government was warned yesterday.

All English teachers should have a first degree in English which includes a study of the contemporary and historical English language.

Research, specialised subjects such as linguistics and joint degree courses had all been cut because of the staff reductions, the committee said. It also pointed to spending cuts, of more than a fifth in some cases, on English collections in some university libraries.

British Gas meeting clears the air for anxious shareholders Sir Denis opens fire on rumours

By Steven Butler in Birmingham

SIR DENIS Rooke, the pugnacious chairman of British Gas, yesterday put to rest any lingering suspicions that the giant gas utility had backed a scheme to launch a killer satellite for use against Britain.

The public nearly two years ago. The meeting drew about 2,100 shareholders, many apparently holders of small lots.

Mr Noel Falconer, who tried for years to champion the rights of small shareholders at the Black-X-Eagle Satellite, Sir Denis said to anxious shareholders, pausing a moment for emphasis, "it is not British Gas."

GrandMet to boost balance sheet with brand names

By Christopher Parkes and Clive Wolman

GRAND METROPOLITAN, the hotel and drinks group, yesterday set in motion a likely transformation in accounting practice by announcing a boost of more than £500m to its balance sheet to take account of its Smirnoff vodka and other leading brands.

Industry to produce proposals for accounting reform. At present, brands are given a positive value in the balance sheets of only a few smaller companies such as Reckitt and Colman, whose brands include Dettol, Disprin and Airwick.

A SUBSTANTIAL increase in telephone call income helped British Telecom boost first quarter pre-tax profits by 7.4 per cent to £610m (£568m).

Unit trusts lose appeal for investors

By David Barchard

THE UNIT trust market remains extremely subdued nine months after the Stock Exchange crash, with small investors preferring to put their savings elsewhere, according to July figures released yesterday by the Unit Trust Association.

Brent Walker raises WonderWorld stake

By Richard Tomkins, Midlands Correspondent

BRENT Walker, the fast-growing leisure group, yesterday threw itself behind plans to build WonderWorld, Britain's biggest theme park, on a 3,000-acre site outside Corby in Northamptonshire.

The results prompted criticism from Mr Bryan Gould, shadow Trade and Industry secretary. While BT management had shown itself to be competent at increasing profits for shareholders, "the rest of us will be left wondering why there has not been a corresponding increase in customer service," he said.

Airline keeps up with long-haul rivals

Michael Dome looks at British Airways fleet-buying strategy

BRITISH AIRWAYS' plans to buy a further two of the new advanced version of the Boeing 747 Jumbo jet, the Series 400, is a sign of its need to replace some of the older 747s in its fleet and to keep up with competition on long-distance air routes.



The Series 400 jumbo jet: winglets improve aerodynamic efficiency

At present BA has a total of 40 Jumbo jets in its fleet, including 16 of the oldest Series 100s, 16 of the later Series 200s, with another three of those on short-term lease, and five 747-300s inherited from its takeover of British Caledonian.

changes in the Middle East. The additional crews will have to be carried on board, and thus rest facilities will be essential.

Other "incidental" costs include \$7m on engineering tools and equipment, \$5.5m on hangar modifications (because of the bigger wing-span of the Series 400) and, probably another \$25m on a new hangar specifically for the Series 400 at Heathrow.

Bank joins property groups in US venture

Three British property companies have joined with Charterhouse Bank to invest \$10m in a new US property investment company to be managed by Tishman Management and Leasing of New York.

Unipart profits soar. Unipart, former Rover Group parts and accessories group privatised in management buy-out last year, said pre-tax profits were up by 37 per cent. It also declared EW Holdings, parts wholesale business bought by Unipart from the AE group four years ago, had moved into pre-tax profit for the first time this year.

RAE to move HQ

British Aerospace is to build a \$25m headquarters and marketing department for its civil aircraft division on a 26-acre site the company owns at Hatfield, Hertfordshire. The present headquarters and the design offices, built in the 1950s, will be demolished and the site sold.

Bail refused

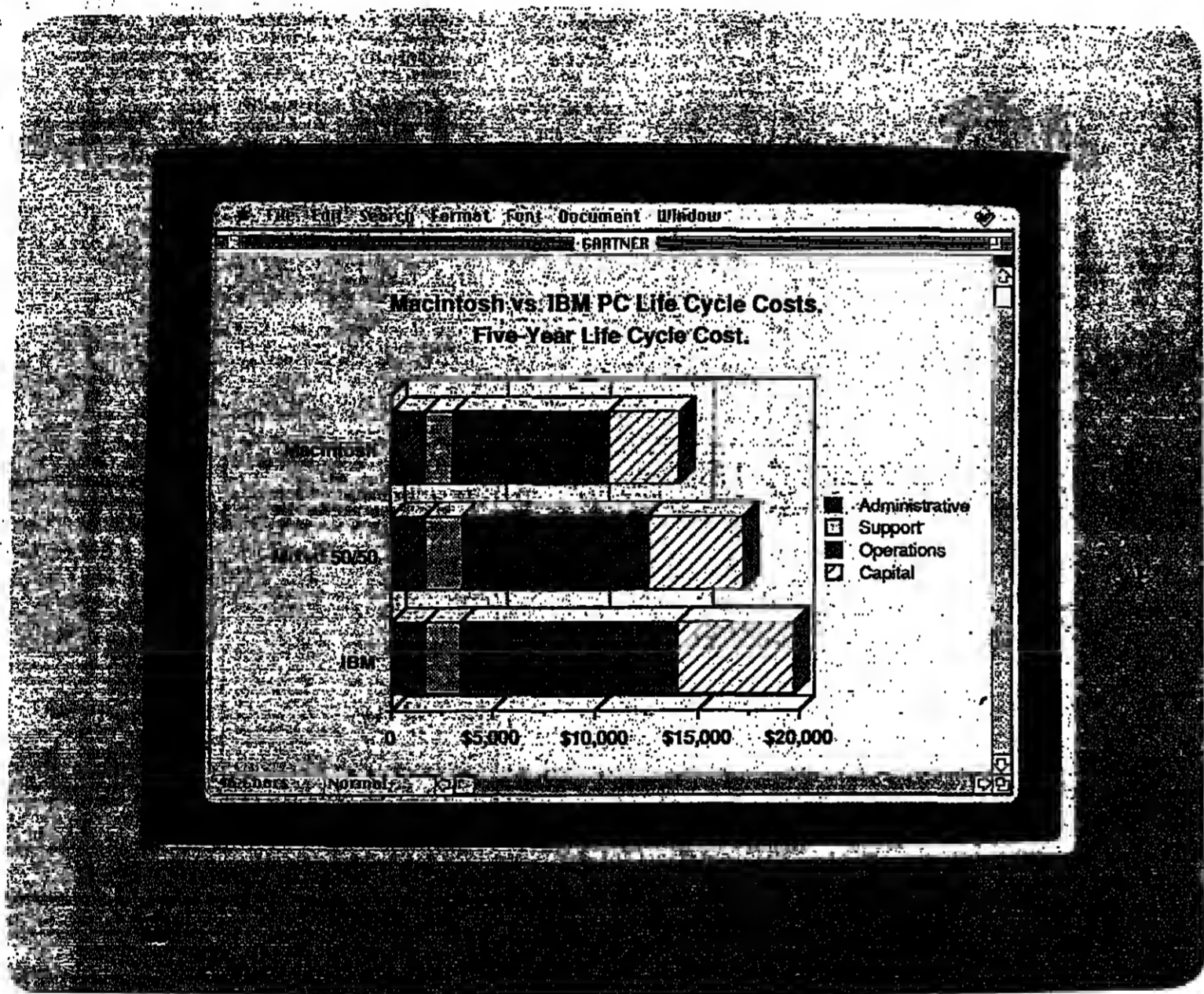
Max Butens, the former Vice-President of the London branch of the American First National Bank of Boston, was further remanded in custody by £13m fraud charge yesterday until August 25. Magistrate, Charles Davidson, rejected the offer of £100,000 cash bail bond. Butens is charged with conspiring to defraud the bank of \$10.5m and \$7,583,500.

Technical training for engineers will cost some £7m, including an engineering training simulator. BA has also spent more than \$10m on a new 747-400 flight crew training simulator at its Heathrow, London, training centre. This has now been supplied by Rediffusion, and over the next few weeks will be tested to meet Civil Aviation Authority requirements. A second 747-400 simulator will be installed next year.

# Conclusive proof that Apples are good for you.

The well-respected Gartner Group recently published a report on the role of the Apple™ Macintosh™ in business.

burdened, five-year life cycle cost per user that is 13% less than that of an all-IBM environment.



It demonstrated many of the reasons for our increasing share of the pie.

For example, an Apple Macintosh was shown to cost 28% less to run than an IBM® PC over five years. That worked out as a saving of almost £3,027 per user.

The Gartner Group's report also demonstrated that even in a mixed IBM/Macintosh environment, computing costs could be dramatically reduced.

They estimated that a company with 600 personal computer users (half IBM and half Apple Macintosh) will have a fully

This worked out at a saving of £810,000 over five years.

Standardising on Macintosh would cost 28% less, saving £1.8 million over five years.

KPMG Peat Marwick carried out a survey which highlighted some of our other strengths.

They found that people using Macintosh were actually up to 24% more productive than their IBM counterparts.

The main reason for this is Macintosh's system of easily understood words and symbols such as files, folders and menus which, with the help of a mouse, speeds and simplifies operating.

So no matter what software is being used, there's a consistent vocabulary and methodology to work with. All of which makes it easy to switch from one program to another.

A fact which was demonstrated in another recent in-depth study. This proved that training costs on Apple Macintosh are 60% lower than those of IBM or other MS-DOS™ computers.

Furthermore, they found that only half the time is needed in support. For full details dial 100 and ask for Freefone Apple.

We rest our case on health and wealth in business.

 Apple™. The power to succeed.

MANAGEMENT

Autolatina

# Two cultures backing off from divorce

Ivo Dawny on Ford and VW's difficult Latin American merger

The first year of a marriage, it is often said, is always the worst. Wolfgang Sauer, president of Autolatina - the shotgun union of Volkswagen and Ford's Brazilian operations - can only hope they are right.

A few weeks back, executives of the company were entertained in a fashionable Sao Paulo nightclub - attendance obligatory. "The purpose," a former Ford man claims, "was to try to remind everyone that they all work for the same company."

After the November 1986 announcement of the merger - the first ever attempt in the industry to collaborate and integrate existing rather than greenfield operations - there is now some evidence that this initial clash of cultures is dying down.

But the problems of forging one company from two distinctly different traditions are still at an early stage. Indeed, there were credible rumours in the not-so-distant past that worried parents in both Dearborn and Wolfsburg had at one point thought seriously of a quickie divorce.



Ford was horrified by the management systems it found. Whereas the US company's tradition has always involved a tight pyramid of decision-making with each executive reporting to his immediate superior and a high degree of local autonomy, VW appeared quite the reverse with divisional chiefs liaising direct with Germany and often only going through the motions of referring to local superiors.

Booker ruled that rather than create a Frankenstein, the Ford system must be imposed. This had always involved the introduction of the company's strict grading system (VW had only a handful of ill-defined grades flexibly interpreted).

Such a move, with its inevitable consequences for status and perks, provoked widespread ill-feeling, though most executives were shifted up to minimise resentment.

Sauer endorsed the decision, however, arguing that he had always preferred the "tighter" Ford structure. "West Germans are more dedicated to product

and the longer term. "I feel we now have a fantastic combination - US business administration adapted to VW's industrial product management style. The structure is now completely in place."

The company president is also pleased with his decision taken early in the merger to accelerate staff swaps, deliberately shifting managers from one company into roles in the other in a timetable shortened from three years to one.

"This process appears to have worked like a brutal but efficient version of Darwin's natural selection principle. 'People who didn't like it had to accept it or not,'" Sauer remembers.

Such brutal integration techniques have been accompanied by a more human kind of welding. The company president also added that Autolatina has been conducting seminars led by a professor from Insead, the international business school at Fontainebleau, in France, in how to shake off old allegiances and practices in favour of new ones.

With its management structure now in place, the second, and perhaps even more difficult, task is now beginning in the creation of an integrated product range from the motley fleet that only two years ago was locked in competition.

Autolatina has dispensed with any idea of publicly creating its own marque - "That would be suicide for our 62 per cent market share," Sauer observes - choosing instead to mix and match chassis, engines and bodies.

Final decisions, however, have yet to be taken and for good reason. Discussions on lifting the admired 1,800cc engine from the unattractive, bottom-of-the-range VW Gol (different from the European Gol) and putting it in Ford's attractive Escort body has unleashed a howl of rage from VW's 730 dealers.

They fear that Gol owners choosing to service their products in Ford dealerships will easily be persuaded to make the step up. Similarly, Ford dealers are concerned that the Del Rey, an old mid-to-up-mar-



Wolfgang Sauer: "The structure is now completely in place"

ket model will be discontinued. Sauer dismisses these anxieties, arguing that a careful mix of products should allow the company to meet its promise for a new three model range by 1992 with a common engine and gearbox range but maintaining each marque's traditional characteristics.

Worried dealers still appear far from convinced.

The one internal controversy Sauer does not deny lies over the future of the Fox - VW's inexpensive export model aimed at the highly competitive US market. This year the company had planned to sell 100,000 units to the US and Canada but has since scaled this back by 20,000 with a loss of about \$150m in sales because of fierce price competition from Yugoslav and South Korean rivals.

Former Ford executives are said to be challenging the opportunity cost of the programme as an investment priority, preferring to concentrate resources in the home or Latin

American market.

In a bid to enhance the appeal of the Fox export plan, Sauer is now once again attempting to persuade the Government to reduce tax rates on cars. These are an intolerable burden for manufacturers, he claims.

But even with this concession the internal struggle over product priorities is likely to be fierce and, it is predicted, partisan. Autolatina has been told by its overseas parents that from now on it must cut the apron strings and finance investments from its profits.

It is believed, though not officially confirmed, that the company made some \$100m in the first half. So, for the moment at least, the heat is off.

But an ex-VW man is in charge of product planning and an ex-Ford man holds the overlapping role of controller. But how "ex" it can only be hoped that Sao Paulo's nightfife has worked its magic.

Employee development

# It's in your own hands

Michael Skapinker on a method of continuous learning

Ten years ago, Idom, a Spanish engineering consultancy, decided that its staff needed a more sophisticated understanding of the outside world.

To broaden their perspective, Idom (Ingenieria y Direccion de Obras y Montajes) began to accept assignments in consortia which included non-Spanish companies.

One of the conditions of the Spanish company's participation was that the other members of the consortium should help to train Idom's staff in new areas of expertise.

In the past few years, Idom has come up with additional means of developing its engineers. Specialists at Idom write case studies based on the company's work. The studies draw on the specialists' own area of expertise, such as customer relations, team-working or a technical subject.

The case is then discussed with other members of staff at a one-day seminar. Four of these case studies are now used on the Masters of Business Administration course at the Instituto de Estudios Superiores de la Empresa (Iese) in Barcelona.

Idom's work is held up as an admirable example of "continuous development" in a useful new book on the subject from Britain's Institute of Personnel Management.

Most organisations attempt to define what employees need to learn and make some provision for them to do so. Many learning needs, however, might be more apparent to a shop-floor worker than to senior management or the personnel department. The employee doing a particular job is often well placed to define what he or she needs to know.

The challenge for the organisation is to create an atmosphere in which individuals are encouraged to identify those learning needs.

One way of ensuring that the organisation and individual employees are headed in the same direction is through learning contracts. Employees throughout the organisation make agreements with their superiors on what they intend to learn over a certain period. The employee contracts to master a certain procedure or skill and the organisation agrees to provide the necessary support.

continuous development. What it does instead is to pose a series of questions to help managers define their own organisation's requirements.

The case studies cover a wide range of types of organisation, from the Bank of England and the Oxfordshire District Health Authority to Austin Rover and Toshiba (UK).

Although there are clear differences between the organisations described, some techniques for encouraging continuous development appear to be common to all of them.

Work alongside

This could consist of allowing the staff member time off to attend courses, or providing reading material, or suggesting that the employee works alongside a more experienced colleague. The participation of the employee's superior helps to ensure that the development task could also further the company's own aims.

Learning contracts are used by the Northern Regional Management Centre in Washington, Tyne and Wear. They have also received the support of the Association of Management Education and Development, an organisation of training managers, consultants and academics.

The IPM book describes the experience of the finance house Noble Lowndes and Partners, which gives new pension administrators a Trainee Log, outlining the knowledge and skills that they are expected to acquire. Trainees are assigned a mentor to help them plan their training, both on and off the job. The trainer and trainee plan a series of monthly development activities.

The book recognises that because each company's development needs will be different, it is difficult to tell organisations precisely how to go about fostering a climate conducive

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5% Third Cumulative Preference Shares - Dividend Number 80 - 2 1/2 %  
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P E Köttinger  
Secretary

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Notice of members of Specialists Steel Forming Manufacturers Date of appointment of joint administrative receivers: Friday, 5 August 1988

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The Glasgow Garden Festival will close on 26 September 1988. The Agency is to be responsible for the dismantling and disposal of various assets from the site. Applications are invited from businesses wishing to tender for the purchase and removal of select packages of tree and shrub planting from the Festival site.

Tender documents will be available in August. It is anticipated works will be undertaken during October/November 1988. Written applications should be received no later than 1st September 1988.

Applications to: DUNCAN HARVIE, Senior Project Manager, Scottish Development Agency, 120 Bothwell Street, GLASGOW G2 7JP

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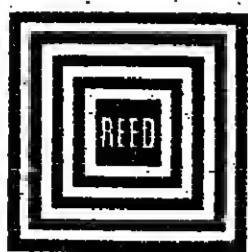
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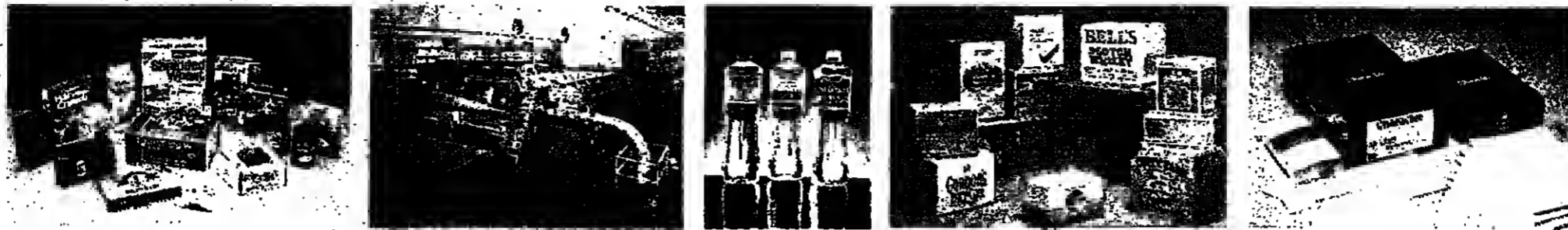
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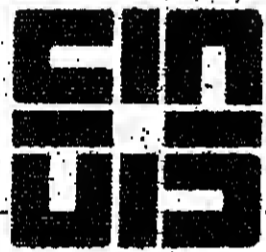


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Robert Fleming & Co	Grosvenor Development Capital	Quayle Munro
ECI Ventures	B&C Ventures	Rothschild Ventures
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Chemical Bank	Bahrain Middle East Bank	Sun Life Investment Management
Electra Investment Trust	Bank of Boston	TSB Bank
Foreign & Colonial Ventures	Creditanstalt	Northern Investors
Lloyds Development Capital	Close Investment Management	Gilde Venture Fund

*The banking syndicate was led by Chemical Bank. The Lead Underwriters of the bank debt were Chemical Bank, National Westminster Bank plc, and the Industrial Bank of Japan, Limited.*

Coopers & Lybrand acted as consulting accountants and Clifford Chance as solicitors to the Company and to the Underwriters.

## TECHNOLOGY

## A new path for specialists in lightning protection

David Fishlock reports on a plan to apply expertise gained on aircraft to the building industry

Buildings which contain increasing amounts of electrical and electronic circuits are becoming as vulnerable as aircraft to lightning strikes, according to a team of specialists at the Culham Laboratory, near Oxford in the UK.

Aircraft must show that they can weather a direct hit by lightning before they are granted an airworthiness certificate. The team believes that the same expertise in "hardening" aircraft against lightning can be applied to buildings, provided the process starts at the design stage.

The effects of lightning on buildings include causing fires and burning out telephone and data processing circuits.

The Culham Lightning Studies Unit (CLSU), part of the UK Atomic Energy Authority, specialises in simulating lightning strikes. It has built on the technology of "pulsed power" the unrelenting high voltages and surges of current to heat nuclear fusion experiments.

Since the late 1970s, the unit has been developing skills to test the vulnerability of aircraft to lightning. The Ministry of Defence has been its main patron. For the past four years the CLSU has operated as a research "club" of seven European aircraft manufacturers which pay a subscription that the Department of Trade and Industry matches pound for pound.

It has assembled its own "rogues' gallery" of damage done both in the laboratory and to aircraft in flight, including a Nimrod radome of glass-fibre reinforced plastic composite split asunder.

When lightning strikes, the high voltage allows a huge current, perhaps hundreds of thousands of amperes, to surge to earth. The current superheats a narrow column of air, which expands explosively with a crash of thunder.

A big bolt can have dramatic effects on metal conductors. The surge of current sets up a powerful electromagnetic field capable of crumpling the conductor out of all recognition.

Roger Baldwin, manager of the CLSU, and his principal scientist Brian Burrows have equipment that can simulate a

30-metre bolt of lightning, like a gigantic welding arc.

Normally, they scale simulations down to a 7.5 cm arc; even then, the thunderclap warrants the use of ear protection. They use it to hit samples of new materials under carefully standardised electrical conditions. For example, they must avoid contaminating the electrode used to strike the arc.

Tests of this kind are used to check whether coatings can be applied to reduce the damage caused when lightning strikes materials containing fibres of carbon that conduct electricity. Such materials, of great interest to aircraft designers for reducing weight, can be a headache in terms of lightning protection, for the fibres afford a high-resistance electrical path that behaves like electric

frances under stress using a Hunter fuselage, into which the component or test panel is built and wired for measurement. Burrows says the CLSU is near to completing a computer program based on its data which will allow aircraft designers to calculate the effects of lightning.

The unit earns about £500,000 a year, with tests on aircraft accounting for about 80 per cent of the work. Baldwin believes its international reputation can be put to good use to protect the electrical systems in buildings not only against lightning but also from the electromagnetic pulse (EMP) generated in a nuclear weapon explosion.

The UK Government's Property Services Agency has shown an interest and this year the CLSU landed a contract from the Central Electricity Generating Board to advise on the protection of its Sizewell B nuclear power station, under construction in Suffolk.

Generating plants are protected against one kind of electrical "leak" - transient currents from their generators which can upset their control systems. This summer, Burrows has been surveying the US electricity industry research into lightning.

Although the most itself may suffer little damage from a direct hit, the "local" earth beneath the mast will be raised to a much higher potential than remote earths. Incoming cables, such as power lines and telephone wires, will receive this higher voltage and wiring and circuits may be damaged.

There are two ways of countering the risk. One is to provide a low resistance path between the devices, so that ground currents can flow without generating destructively large voltages. The other is to isolate components of the system, ideally by using electrically non-conducting fibre optic links.

Buildings raise almost no insuperable problems for lightning protection because they are self-protecting because their steel frames provide a conducting path to earth, says Burrows.



## Sources of innovation

Innovation type	Innovation developed by			
	User	Manufacturer	Supplier	Other
Scientific instruments	77%	23%	0%	0%
Semiconductor and PCB process	67	21	0	12
Pultrusion process	90	10	0	0
Tractor shovels	6	94	0	0
Engineering plastics	10	90	0	0
Plastics additives	8	92	0	0
Industrial gas-using	42	17	33	8
Thermoplastics-using	43	14	36	7
Wire termination equipment	11	33	56	0

## When conventional wisdom is wrong

Clive Cookson examines new conclusions about how product breakthroughs are achieved

on the factory floor was sometimes inspired to innovate, using an innate sense of engineering design and machine parts lying around the factory. Occasionally these innovations were adopted by equipment manufacturers.

In the case of semiconductor and PCB manufacturing equipment, the users were typically large electronics companies such as IBM, General Electric and AT&T. They were responsible for 67 per cent of the innovations studied by von Hippel, with a further 12 per cent developed jointly by users and equipment manufacturers.

In the third field - scientific instruments - most of the innovative users were not companies but individual researchers in universities. They were responsible for 77 per cent of the 111 innovations studied by von Hippel.

In a typical case, a scientist invents a new type of instrument, builds a prototype and disseminates information about it through scientific meetings and publications;

then, when other scientists begin to ask the instrument companies when a commercial version will be available, a manufacturer takes up the idea, does some engineering work on the device to make it more convenient and reliable, and launches it as a new product.

When von Hippel came to study the tractor shovel industry, initial conversations with construction experts led him to expect that users would again be an important source of innovation. "Everyone had a story to tell about a construction firm that, facing an unusual challenge and a tight deadline, performed an overnight modification to some item of construction equipment that solved the problem and saved the day."

But it turned out that almost all of the commercially successful tractor shovel innovations came from manufacturers. The same was true of engineering thermoplastics and plastics additives.

Innovation by suppliers is less common. However, von

Hippel found certain types of industrial equipment - machines to terminate electrical wire and cables and to process industrial gases and thermoplastic resins - in which suppliers of components and materials were significant innovators alongside the equipment manufacturers and users.

Von Hippel tries to explain the variations in sources of innovation in terms of the temporary profits - in technical terms the "economic rents" - expected by potential innovators. In many industries where users are important innovators, such as pultrusion, the key factor "is the ability of equipment users to hide their innovations for a period of time as trade secrets. This option is not open to manufacturers, who must display their innovations to customers in order to sell them." Patents do not provide effective protection for innovations in the pultrusion industry.

A significant difference between the pultrusion and tractor shovel industries is that the shovels are used on open building sites in full view of would-be imitators, so that neither users nor manufacturers can protect their trade secrets. Von Hippel argues that under these conditions manufacturers expect to make more profit than users would from innovations.

Who is responsible for most product innovation in industry? Manufacturers, of course? Their research and development departments bring out products to meet customer needs identified by market research.

According to a new US study, that conventional answer is often wrong. It turns out that in many industries most innovations are developed by users and later adopted by manufacturers. In some other fields, suppliers of components and materials are the main sources. In others the conventional wisdom holds and manufacturers are indeed the innovators.

The study, carried out over the past decade by Eric von Hippel and colleagues at Massachusetts Institute of Technology (MIT), has been published as a book entitled *The Sources of Innovation*. It is being hailed by US economists and management scientists as an important advance in the understanding of the innovation process.

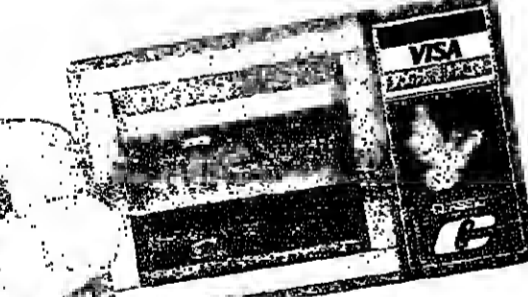
Manufacturers which form R and D departments capable of doing all product development in-house may lose out if they are operating in an industry where suppliers or users are an important source of innovation. As von Hippel says, "one cannot expect a firm's R and D group to be interested in user prototypes if its engineers have been trained and motivated to undertake the entire product development process themselves."

New sources of innovation demand new management tools, von Hippel says. "Marketing research methods traditionally used to seek out and analyse user needs must be modified if they are to be effective for seeking out prototype products that users may have developed."

Robert Samuelson, a leading US economic commentator, has taken von Hippel's findings a stage further and concluded that American companies spend too much time and money on market research reports. According to Samuelson, "one reason Japanese firms are sometimes quicker to commercialise technologies is that they de-emphasise these studies. They're more interested in moving products quickly into the market, getting customer reaction and then making changes."

Von Hippel and his MIT researchers base their conclusions on in-depth studies of selected industries, using literature and patent searches and interviews with participants in

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## FT. LAW REPORTS Digest of Trinity Term cases

FROM JULY 19 TO AUGUST 10

## D &amp; F ESTATES LTD AND OTHERS v CHURCH COMMISSIONERS FOR ENGLAND AND OTHERS

(FT, July 19)

The House of Lords affirmed a decision of the Court of Appeal that Wates Ltd, the builder of a block of flats, was not liable in damages to the tenants of a flat with defective plasterwork as a result of the negligence of the subcontractors. To make Wates so liable would be to impose for the benefit of those with whom there was no contractual relationship the obligation of warranty as to the quality of the plaster. Moreover, if Wates were to be held liable for its subcontractors' negligence, it has first to be shown to have assumed a personal duty to all the world to ensure that the block would be free of dangerous effects. There was no legal principle to which such an assumption of duty could be related.

## THE EVO AGINC

(FT, July 20 1988)

The owners of cargo, lost aboard a vessel, Skippers, sought to arrest a ship belonging to another company, the shareholders of which were the same as the owners of Skippers. In allowing an appeal against an order of the Supreme Court Act 1981 which provided for the arrest of the particular ship or a sister ship, did not go, and was not intended to go, nearly two years ago, the plaintiffs a right of arresting a ship which was neither the ship in question nor a sister ship, but was the ship of a sister company.

## LORRIO PLC v FAYED AND OTHERS

(FT, July 22)

The plaintiff alleged that the defendants had damaged its business by depriving it of a business asset, namely the right to bid for the House of Fraser in a merger situation. In striking out the statement of claim as disclosing no reasonable cause of action, Pill J stated that the right of freedom to bid was not a business asset in that the law allowed everyone freedom to bid. Thus the freedom or opportunity to bid in present circumstances did not amount to a legal right which the law would protect against the defendants' alleged conduct. However, even if there were a legal right to bid which was entitled to protection, it would not extend to protection against a competitor making false statements, as there was insufficient nexus between the alleged misrepresentations and any damage to the plaintiff's business.

## EVALEN v WHITE INLAND REVENUE COMMISSIONERS v BOWATER PROPERTY DEVELOPMENT LTD-BAYLIS v GREGORY

(FT, July 29)

The plaintiff drug manufacturers were persuaded by the defendant to sell one of their products to his export company, Swift. The contracts were concluded only on the understanding that the goods were going to central Africa. If Smith Kline had known they would be sold by Swift, not in central Africa, but in Holland, which was outside its area of operation, it would never have sold them at any price. Smith Kline, having extended £157,860 credit to Swift, then sued the defendant for damages for deceit when it recovered no more than out-of-pocket legal expenses on Swift's insolvency. The Court of Appeal, in allowing Smith Kline's appeal against a decision that it had made no loss and was therefore not entitled to damages, stated that as Smith Kline had been permanently deprived of its goods, it had to be placed in the position it would have been had the deceit not been perpetrated. In ascertaining a fair

value of the goods, the market value would be taken as the factory price at which Smith Kline habitually sold the goods to UK distributors.

## LIBYAN ARAB FOREIGN BANK v MANUFACTURERS HANOVER TRUST COMPANY

(FT, August 2)

When the US Government blocked all Libyan property in the US by Executive Order, the plaintiff terminated its arrangements with the defendant bank in the UK, which had operated an automatic transferring arrangement with the funds from the New York branch. The plaintiff sought summary judgment against Hanover for \$4m in the London account, which the bank had refused to pay, having relied on the Executive Order. In granting leave to the bank to defend against the HSC Order 14 proceedings, Pill J stated that the decision turned on the issue of proper law of the contract. He accepted counsel's contention that it was a question of mixed law and fact, so that the inter-relationships between the accounts could not be settled fairly without deciding the facts on the full evidence. That did not mean Hanover had a good defence, but it had shown that it had an arguable defence which entitled it to leave to defend.

## REGINA v PANEL ON TAKEOVERS AND MERGERS, EX PARTE GUINNESS PLC

(FT, August 3)

An appeal by Guinness was dismissed by the Court of Appeal against a decision to refuse judicial review of the Takeover Panel's refusal to an adjournment to enable Guinness to respond to the panel executive's final submissions on its takeover of Distillers. Panel 11(1) of the Takeover Panel rules provided that where 15 per cent or more shares were purchased for cash, the offer should "except with the consent of the Panel..." be not less than the highest price paid by the offeror or any person acting in concert with him. Lord Donald said that of actual notice there was no trace. The essential evidence supporting a finding of a concert party under Rule 11(1) was set out in a letter ("the Pipette letter"), which had been in Guinness's possession for nine months. There was, too, other corroborative evidence in its possession in plenty of time to have enabled Guinness to have formulated its submissions.

## CAPABO INDUSTRIES PLC v DICKMAN AND OTHERS

(FT, August 5)

The plaintiffs commenced an action against the auditors for alleged negligence, maintaining that the accounts that they prepared of a company, subsequently taken over, gave a false picture of its profits. In deciding a preliminary point, on assumed facts, that the auditor of a public company could be sued by an individual shareholder who

alleged a failure to exercise reasonable care in making the audit report, the Court of Appeal stated that although a shareholder can normally be hard to establish, an auditor of a public company did owe individual shareholders a duty to exercise reasonable care in carrying out his audit and making his audit report. However, such duty would be owed to him as shareholder and not as investor.

## GOMBA HOLDINGS LTD AND OTHERS v MINORIES FINANCE LTD AND OTHERS

(FT, August 9)

Two receivers were appointed by the debenture holders in the receivership of the Gomba group of companies. On their discharge they delivered all documents to Gomba except for those which they claimed had come into existence during the receivership, on the ground that they were not the companies' property. In dismissing Gomba's appeal against a first instance decision that it was not entitled to the documents, the Court of Appeal stated that the general principle that all documents received by an agent belong to his principal could not be mechanically applied to the complex position of a receivership. A receiver performed duties on behalf of the debenture holders as well as the mortgagor. While owing duties to both, they were quite separate duties. Documents created for the purpose of advising and informing the debenture holders regarding the conduct of the receivership, although related to the companies, were not the property of the companies.

## HOME AND OVERSEAS INSURANCE CO LTD v MENTOR INSURANCE CO (UK) LTD

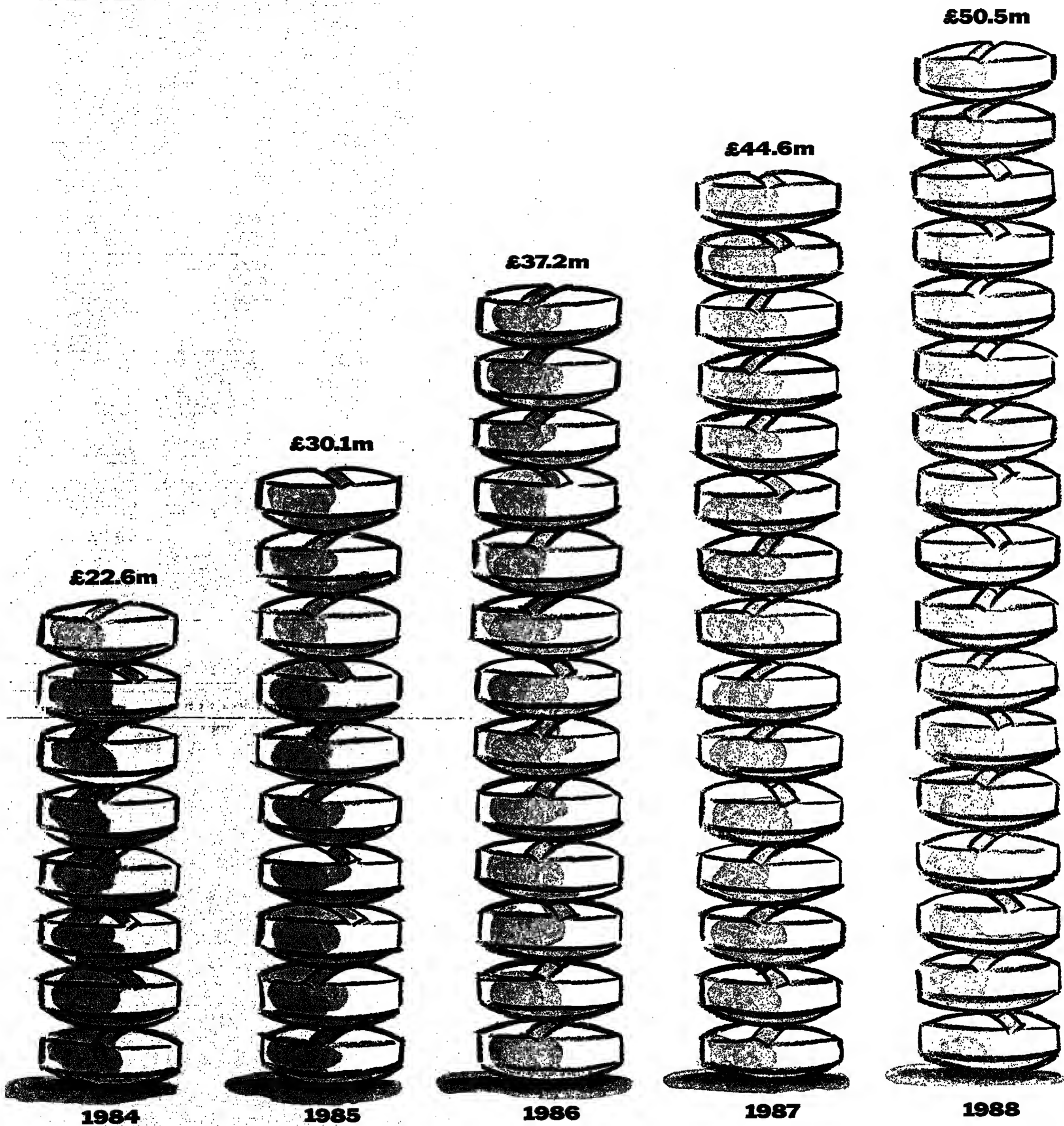
(FT, August 10)

An action whereby the plaintiff reinsurer claimed a declaration that it was not liable to pay the defendant reinsured, was dismissed. The plaintiff had been a number of excess loss reinsurance agreements between the parties, containing an "honourable engagement" arbitration clause, which provided for the arbitrators to make their award in a reasonable manner rather than in accordance with a literal interpretation of the language. The Arbitration Act 1979 had swept away the old regime of strict construction of the terms of arbitration, and the arbitrators could decide the issue of construction between them.

## Aviva Golden

The final digest will appear next week.

**HALF YEAR PRE-TAX PROFITS.**



# Fisons healthiest ever half year results.

Fisons results for the first six months of 1988 were at yet another record level. Pre-tax profits of £50.5m were up 13% on last year.

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For more information please write to: The Public Affairs Department, Fisons plc, Fison House, Princes St, Ipswich IP1 1QH.

# FISONS

THE HALF YEAR REPORT FOR THE HALF YEAR ENDED 30 JUNE 1988 WILL BE POSTED TO SHAREHOLDERS ON 19 AUGUST 1988 WHEN COPIES WILL ALSO BE AVAILABLE FROM THE GROUP SECRETARY AT THE REGISTERED OFFICE GIVEN ABOVE.

ARTS

**Arts Week**  
 F | S | Su | M | Tu | W | Th  
 18 | 20 | 21 | 22 | 23 | 24 | 25

EXHIBITIONS

Paris

**Carte Musées et Monuments.** Sold in museums and Metro stations, enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.  
**Centre Georges Pompidou.** The Fifties, taking over Beaubourg for three months from the ground floor upwards. The post-war creative dynamism of the Fifties is represented by cars, comics, music, cinema, literature, industrial creation and

— on the fifth floor — by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white; monochromes by Yves Klein and Montana close it. There are statues by Giacometti, mobiles by Calder, and lyrical abstraction by Hartung and De Kooning. While contrasting the School of Paris with the School of New York, the exhibition equally draws attention to some of their parallel developments. Chorus (42.77.12.33). Closed Tues. Ends Oct. 17.

**Institut du Monde Arabe.** Holy Places in Saudi Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade veil with verses from the Koran embroidered in gold, and of the Prophet's great mosque in Medina, provide non-Moslems with a realistic image of the shrines of Islamic pilgrimage, to which they normally have no access. Manuscripts, works by the traveller Richard Burton and 17th century Turkish ceramics complete the exhibition. 23 Quai Saint-Benoît (46.34.25.35). 1 pm till 8 pm, closed Mon. Ends Sept. 18.

West Germany

**Cologne, Romisch-Germanisches Museum.** Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th century AD. The 162 pieces are mainly goods from everyday life. The show is a joint project between the Corning Museum of Glass, New York, the British Museum, London, and the Romisch-Germanisches Museum in Cologne. Until August 28. Munich, Haus der Kunst, 60 Prinzregentenstr. An important exhibition, centred on the city of Munich, which provides a broad view of the West German cultural scene. There are about 640 works — paintings, graphics and plastics — by 470 different artists, including about 100 women. Twenty-two works by the Austrian painter and sculptor, Alfred Hrdlicka, form the highlight of the show. The exhibition is organised by three groups of artists. Ends Sept. 11.

Italy

**Venice, Palazzo Grassi.** The

**Phoenicians.** The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attempts to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect Giuseppe Aulenti. Sarcophagi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful and the 750 page catalogue, published by Bompiani, is excellent. Until Nov. 6. Venice, Palazzo Ducale, Mexican Art pre-Columbus. 140 powerful and disconcerting works lent by major Mexican museums, dating from the 2nd century BC to the Spanish conquest of 1521. Ends Sept. 4. Rome, Palazzo Venezia. Imago

**Marina.** Over 100 works, including masterpieces by Gentile da Fabriano, Pinturicchio, Correggio, Giacomino and Tiepolo, showing the progressive humanisation of the Virgin Mary from the austere figure of the Middle Ages to the gentle and accessible charm of the Renaissance and Baroque portrayals. Ends Oct. 4. Spoleto, Palazzo Rocani. Arruot. Francois Xavier Fabre 1769-1837. A retrospective of the French painter, who having served his apprenticeship with David, in 1787 won a Prix de Rome, and after the French Revolution settled in Florence. Fabre is the Stendhal of painting. Notice particularly the enchanting Death of Narcissus, with its echoes of Poussin, hung next to the portrait of another narcissistic figure, the poet Ugo Foscolo. Ends Aug. 28. Spoleto, Chiesa di San Nicola. Sandro Chial. This collection of recent works by the young Italian painter is displayed in this beautifully simple and barn-like deconsecrated church. His large oils are cosmic explosions of vibrant colour, with Moore-like figures in a landscape stolen from

**Chagall (cows are frequent symbols).** His is a world from which women are largely excluded, despite the repetitive theme of heredity and rebirth. Ends Aug. 28. **Switzerland.** **Martigny.** The Glanada Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Renoir, from society portraits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, too, is well represented with his famous Arlesienne and landscapes with tormented trees. There is Cézanne's portrait of his wife, a Titian scene by Gauguin, early Picasso and Manet's Marie Lefebvre, riding side saddle all clad in black and looking as seductive as Bonnard's appearing nude or Degas' ballet dancers. (23978). Ends Nov. 6.

New York

**American Craft Museum.** An ambitious exhibition traces the history of American architecture back to the turn of the century, and emphasises the work of art-

ists like Tiffany, Lawrence and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept. 4.

Washington

**National Gallery.** More than 60 masterworks, from the superb 16th-18th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept. 5. **National Gallery (East Wing).** To mark the 30th anniversary of the first Swedish colony in North America, the exhibition covers four Swedish monarchies in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept. 5.

Chicago

**Art Institute.** Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1976, captured the lyrical

quality of the Czech people and the country's beautiful landscapes. Ends Sept. 5. **Art Institute.** More than 50 Dutch and Flemish 17th century masterpieces from the Hermitage in Leningrad, including works by Rembrandt, Rubens, van Dyck and Frans Hals, kick off a collaborative effort by US and Soviet museums. Ends Sept. 18.

Tokyo

**Tokyo National Museum.** The Splendour of Turkish Civilization: Ottoman Treasures from the Topkapı Palace. The former Seraglio of the Sultans in Istanbul boasts a magnificent location, overlooking the Bosphorus, and houses a superb collection of classical antiquities, manuscripts, armour, textiles and other artefacts. This selection of 150 items focuses on the heyday of the Ottoman Empire, from the 16th to 18th centuries. Highlights include a steel helmet encrusted with precious rubies, turquoise and amethyst, and a wooden throne inlaid with ebony, mother of pearl and silver. Closed Mondays. Begins Aug. 23.

MUSIC

London

**Royal Philharmonic Orchestra.** Conducted by Vladimir Ashkenazy. Strauss and Tchaikovsky. Royal Albert Hall (Mon). (588 8212). **New York Philharmonic Orchestra.** Conducted by Zubin Mehta. Beethoven, Ellen Taffe Zwilich and Stravinsky. Royal Albert Hall (Tue). **BBC Symphony Orchestra.** Conducted by David Atherton with Lucia Popp (soprano) and Thomas Allen (baritone). Britten and Mahler. Royal Albert Hall (Wed). **BBC Philharmonic Orchestra.** Conducted by Edward Downes with Ida Haendel (violin), Mendelssohn, Alexander Goehr and Beethoven. Royal Albert Hall (Thur).

Paris

**Louis Rothbard.** Organ. Olivier Messiaen, Rachmaninoff, Turheim, Saint-Saëns-des Pres Church (Mon 8.30 pm). **Quatuor Parisii.** with Philippe Cassard (piano), Roussel, Faure, Beethoven. Auditorium des Halles (Tue 7 pm). **Alice Ader (piano).** Olivier Messiaen's Les Vingt Regards sur l'Enfant Jésus. Auditorium des Halles (Wed 8.30 pm). **Australian Youth Orchestra.** Conducted by Christoph Eschenbach, with Tzimon Barto (piano). Graeme Koene, Rachmaninoff, Messiaen, Ravel, Radio France, Grand Auditorium (Thur 8.30 pm).

Amsterdam

**Concertgebouw.** Riccardo Chailly conducting the Concertgebouw Orchestra, with Ronald Brautigam (piano). Mozart, Bruckner (Mon). (715 345).

New York

**Mostly Mozart Festival.** Israel Philharmonic, conducted by Kurt Masur, with Heinrich Schiff (cello) and an all-Haydn programme (Mon). Mostly Mozart Festival Orchestra, Gerard Schwarz conducting, with the Mostly Mozart Festival Chorus directed by Joseph Flummerfelt; all-Haydn programme (Tue, Wed). Beaux Arts Trio, with a programme of Haydn, Mozart, Mendelssohn (Thur). Avery Fisher Hall, Lincoln Center (874 2424). **Juilliard Concerts.** Hong-Ying 'Ho' violin and piano recital. Stravinsky, Prokofiev. Free concert at IBM Atrium, 56th & Madison, Wed 12.30. **Washington.** **Wolf Trap Festival.** Pop concerts this week include Joan Armatrading (Mon); Kenny Loggins (Tue); Roy Orbison and Carl Perkins (Wed); and Gordon Lightfoot (Thur). (432 0200).

Tokyo

**Yomiuri Nippon Symphony Orchestra Summer Festival.** Film Music (Mon); Opera Concert (Verdi, La Traviata etc.) (Wed); Concertos (Mendelssohn, Dvorak, Tchaikovsky) (Thur). Suntory Hall (270 6151).

THEATRE

London

**Too Clever By Half (Old Vic).** A fizzing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until August 13. (928 7616, credit card bookings 261 1821). **Easy Virtue (Garrick).** Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107). **South Pacific (Prince of Wales).** Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritone Emile Balcourt out of her hair. (839 8688). **The Phantom of the Opera (Her Majesty's).** Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, credit cards 379 6131/240 7200). **Follies (Shaftesbury).** Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Sondheim's 1971 musical, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399). **Happgood (Aldwych).** New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support. (836 6404, credit cards 379 6233).

Netherlands

**Amsterdam, Stadschouwburg.** The English-Speaking Theatre of Amsterdam in Agnes of God by John Fielmsler, directed by Bryce Federsen (not Sun or Mon). (24 23 11).

New York

**Cats (Winter Garden).** Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically fine. (239 6222). **A Chorus Line (Shubert).** The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200). **Les Misérables (Broadway).** The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pagantry and drama. (239 6200). **Starlight Express (Gershwin).** Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and tramped-up, silly plot. (896 6510). **M. Butterfly (Eugene O'Neill).** The surprise Tony winner for 1988 is a somewhat pretentious

and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy. (246 0220). **Speed-the-Plow (Royale).** David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted expose of the film industry. (239 8200). **Stranger Here Myself (Public).** Angelina Roux performs two decades of Kurt Weill's covers in a one-woman show covering the composer's careers in Berlin, Paris and New York. (398-7100).

Washington

**Les Misérables (Kennedy Center Opera House).** The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary beat. Ends Oct. 15. (254 3770). **Sereth (Eisenhower).** Stacy Keach and Maxwell Caulfield star in the mystery writing a writer against a mild-mannered travel agent who's stolen his wife's affections. (254 3678).

Tokyo

**Tokigi Noh (Sensoji Asakusa Rannon Temple).** Japan's ancient and esoteric theatrical art form takes to the open air in summer, with special performances by torchlight in temple compounds that always attract large crowds. A Noh play and a comic interlude (kyogen) form the programme for this performance by the Kamme Noh School at Tokyo's most famous temple. Thursday

only. (942 5311). **The National Theatre of the Deaf (USA) with the Japan Theatre for the Deaf (Sunshine Theatre, Dabukuro).** Worth seeing even by people who can hear. Ends August 28. (867 4398). **The Sound of Music (NHK Hall).** Touring production (in English) of the ever-popular and oh-so-sentimental Rodgers and Hammerstein musical with Pat Boone's daughter, Debbie, as the singing Maria van Trapp. Ends August 31. (237 5000). **Idamante (Nakano Sun Plaza).** Spectacular but bland Japanese musical based on Mozart's Idomeneo and starring pop idol Masahiko Kondo (Machi). The production is by kabuki showman Ichikawa Ennosuke, aided by the design team that made his Super Kabuki production, Yamato Takeru, such a success. Ends August 24. (379 2606). **Opera-as-no-Katkin, better known as The Phantom of the Opera (Nissel Theatre).** Japan's leading musical company, Shiki, acquires itself well in what is a virtual carbon copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romantically evocative staging and Maria Bjornson's stunning sets and costumes make for an enjoyable evening. (603 8111). **Les Misérables (Imperial Theatre).** This stirring musical adaptation of Victor Hugo's novel of the Paris barricades has returned to Tokyo for another four-month run. (201 7777).

OPERA AND BALLET

Amsterdam

**Stadschouwburg.** The English-Speaking Theatre of Amsterdam in Agnes of God by John Fielmsler, directed by Bryce Federsen (not Sun or Mon). (24 23 11).

Hamburg

**Staatsoper.** The opera house begins the season, under its new directors Gerd Albrecht and Peter Fricke, with a concert version of Thersites by Messenet. The cast stars Agnes Balza, George Fortuna, Richard Leech, Urban Mahmborg, Peter Haase, conducted by Gerd Albrecht.

Verona

**Arca.** Aida, with Grace Bumbry as Amneris, conducted by Donato Renzetti. Also: Ponchielli's La Gioconda, conducted by Christian Belsey; Turandot with Galia Savova, Patricia Crollini and Bruno Biondoli; and a ballet by Lorca Massine — Zorba the Greek to Theodorakis's music, conducted by the composer. (586517).

Pesaro

**Teatro Rossini.** Pier Luigi Pizzi's production of Rossini's Otello opens this year's Rossini Festival, with John Pritchard conducting the RAI Orchestra from Turin. The cast includes June Anderson, Chris Merritt, Rockwell Blake, Ezio di Cesare and Giorgio Surjan.

New York

**New York City Opera.** The week features Lotfi Mansouri's new production of Il Barbiere di Siviglia, conducted by Sergiu Olteanu, plus Mefistofele, La Sultana and Lucia di Lammermoor. State Theatre, Lincoln Center, Lincoln Center, Out-of-Doors Festival. This week's free performances in the month-long festival, held in the plaza and Danforth Park, include Prime Movers with soloists Felicia Norton and Yves Muzard (Tue 5pm); Gunter Hampel and the Time and Space Galaxy (Wed 12 noon) and a Country Dance Party (Thur 8.15pm). (877 2011).

Chicago

**Barzila Festival.** A week of performances by the Hubbard Street Modern Dance Company, a popular local troupe, combines ballet, jazz and tap idioms. (738 4642).

Washington

**Wolf Trap Festival.** Wolf Trap Opera Company, using Maurice Sendak's whimsical sets from Glyndebourne, perform The Love of These Oranges (Thur). (432 0200).

Tokyo

**Change Me Dance Company** from South Korea. Sunshine Theatre, Dabukuro (Tue-Thur). (867 4369). **Tashigawa/Saburo** (avant garde dancer). Outdoor Theatre, Dabukuro (Tue, Wed). (867 4369). **Endolf Norweger** and dancers from the Paris Opera Ballet, Kasuhiroki Hall (Tue-Fri). (860 4666).



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Total Equity	(US\$200)	(US\$200)
Total Assets	25,127	19,768
	473,222	291,706

ARTS

CINEMA

Warfare and whimsy in Never-Never-Land

**The Milagro Beanfield War** is a wholehearted, macrobiotic movie. Take any one portion, crunch it between the teeth, and though it may not be very tasty you know it is doing you good, just like your morning muesli.

Directed by Robert Redford since his Oscar-winning debut *Ordinary People* — the film adapts John Nichols's novel about land squabbles in rural New Mexico. On our right, the nasty property speculators building a giant "leisure valley." On our left, the poor Hispanic farmers who are about to be robbed of their water, their wide open spaces and their livelihood.

**THE MILAGRO BEANFIELD WAR**  
Directed by Robert Redford

**BEETLEJUICE**  
Directed by Tim Burton

**POWAQQATSI**  
Directed by Godfrey Reggio

**THE MANCHURIAN CANDIDATE**  
Directed by John Frankenheimer

crumpled ex-lawyer plants out his desires like a memorial garden to 60s flower power, and visiting New York sociology student Daniel Stern gets nowhere with his offer to teach the village kids. "If we don't know it already, chances are we aren't interested in it," says the Mayor.



Gun law and a moral message in *The Milagro Beanfield War*

of radical whimsy and the land is *Never-Never-Land*, New Mexico.

Gun law and a moral message in *The Milagro Beanfield War* pale beside those in the Gothic comedy *Beetlejuice*. When a recently-drowned young couple (Alec Baldwin and Geena Davis) find their New England house usurped by a pretensions family from the Big Apple — the young couple are living in the attic as ghosts — they summon Beetlejuice (real name Betelgeuse) to help expel the trespassers.

if you go over the top you might as well keep going and forget about accident insurance.

But as with *Koyaanisqatsi* the film as statement adds up to banality. Once more we have a Hopi Indian word conferring mystic sanctity on the title. (*Powaqqatsi* means "parasite on life": that is, we First World predators and parasites feeding on the Third World's poor). And once more the sacred humanity of the underdeveloped countries is contrasted with the zombie impressivity of workers in the prosperous West. Reggio's ideological platform may be honourable: the world is out of joint, the scales are ill-balanced. But in redressing that balance Reggio uses the old, discredited weights of sentimentality for the poor and glibly generalised contempt for the rich.

The week's best film is 26 years old. *The Manchurian Candidate* slugs off its quarter-century and comes up good as new, indeed better. Decades of Watergates and intrigues, Vietnams and Nicaraguas, have buffed this political thriller into a frightening prophetic radiance. The Western world can see its face in the plot today, which throws out grimly witty grimaces of Cold War alarm and corridors-of-power paranoia.

The Fancy Man

HAMPSTEAD THEATRE

The play enjoying its London stage premiere in Swiss Cottage was first broadcast on Radio 4. This may explain the short scenes of its construction, on stage clumsily separated by incomplete blackouts, while children's voices are heard singing old street-game songs.



Julia Lane as patronising as his greatest success, *Fanny Hill*, which also showed unsophisticated provincials rolling back their sexual horizons and much else — and sniggered at them for this audacity; but the uncertainty of tone makes the tragic conclusion seem merely arbitrary, as if the author had no idea how to wind up. A programme note on the play's inspiration, a tombstone, suggests that Mr Stott began with the ending and has had trouble finding a suitable couple of hours to precede it.

Going native in Utopia

EDINBURGH FESTIVAL

The only Scottish company on the official Festival drama programme is the Brunton Theatre of nearby Musselburgh, visiting the Church Hill in Morningside before returning to base on August 22.

These colonials call themselves "Teachers" while the happy natives, led by a sexless hippie called She — and I'd like to see Charles Aznavour and Herbie Krutner trying to write a song about her — exist in a state of amnesia, but the second act (there are three) and the play dissolves in a miasma of gurgling plasticines shared among men with names like Goat, Skytark, Ku, Wawa, Kwoo and Qua. The entrepreneur finds a copper mine, the priest tries to spread the gospel, the Queen comes to a political compromise with She, and even goes "a little native".

petence, Vivian Hellbron and Anne Lannan as the chief protagonists and Michael Mackenzie as the booming monarch who spoils the party, Richard Cherns has composed some effective folk-style music, but the incessant marks of second-rate, repertory theatre enterprise and can only be included in an international festival for the entirely inappropriate reasons of being cheap and local.



Trouble in Utopia in *Holy Isle*

A Ministry of Culture anxious to make an impression? In *B-Movie*, an apprentice film maker, Art Findell (Tom Wood), is badly in debt and is shooting an updated version of *Oedipus Rex*. A hunky male stripper is employed to partner a statuesque blonde television star who wishes to gain a respectable credit or two. This pair end up in bed with Art's devoted sidekick, Lottie.

this level, the evening works fitfully well, much aided by the gymnastic comedy antics of Tom Wood and Stephen Outmetta.

as if Mr Wood had simply had enough of indulging himself. Dana Brooks is a sight for sore eyes as the blonde Gloria, large in all the right places, and Corrine Kolso sweetly bright as Art's adoring accomplice.

BBC Symphony

ALBERT HALL

Wednesday's Prom concert found Peter Eötvös conducting the BBC Symphony in an all-modern programme that was evidently more congenial to him or at least better served by his conducting style, than were Liszt and neo-romantic Bartók last week. If in Stravinsky's piano-and-orchestra *Capriccio* he gave no sign — nor did the soloist, his wife Elvian Chen — of having noticed that it is a rollicking, jokey piece, their joint account was at least neatly dry and fleet.

Weds. In general effect, it is not unlike an expanded — or inflated — version of Dallapiccola's *Concerto per la notte di Natale*, which also sketched out a series of caricatures, a series of caricatures, a series of whoops and lavish theatrical washes of *Arias* make Dallapiccola's lean serialism sound austere. Sarah Leonard lent her voice to Donatoni's florid gestures, as melodically tantalising as the orchestral harmonies are opaque and ambiguous, without apparent effort and in property bell-like tones.

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FINANCIAL TIMES

Marcel Marceau

SADLER'S WELLS

Marcel Marceau's admirers will need no more notice than the news that he is installed at Sadler's Wells for the next three weeks in order to flock to his presence. For them his silence is golden indeed, his gestures speech enough, his messages from the further edges of fantasy the very stuff of theatre.

His programme last night was generous with scenes in which the master of the chalky face and walking on the spot displayed all his customary art and skill in the creation of a world where no gesture does not bear elaboration, no situation allow of directness when complication can be effected.

His public delights in every clever trick — and Marceau has tricks galore up the exquisite sleeves of his outfits — and responds with the most acute sensitivity to his caprices when a painter suddenly turns into a violinist, or Bip (his mime alter ego) searches for his lost rail ticket.

To someone outside the magic circle of Bippity and mimetic comedy — and that someone is dear to my heart — there is an awe-inspiring quaintness about the show. I salute Marceau's evident mastery without being in the least moved by it. His is a virtuosity that I recognise, yet at no moment am I touched by it. Not for me the happy laughter as he fills a public park with a series of caricatures, I feel no frisson when he essays the macabre as an eater of people's hearts. And in an uncertainty comic scene about a Samurai and his sword, I was irresistibly reminded of the dignity and theatrical splendour of Kabuki performers who, in powerful and soul-disturbing gesture, have shown us the ritual inevitability of suicide. Marceau merely cheapens the theme.

But lest it seem ungenerous to comment so on an eminent man of the theatre, I record that last night's audience was as responsive and delighted as Marceau could wish.

With three assistants, he embroidered with surreal wit upon the idea of a pickpocket whose arms were nightmarishly extended. In his solos he was by turns funny, pathetic, mocking, and established a country of unseen but believable facts where his audience, gladly followed him.

An evening for devotees.

Clement Crisp

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**Pakistan after Zia**

THE DEATH of President Zia of Pakistan looks likely to have been the result of sabotage. However, it will be difficult to point the finger of accusation in any one direction because he had many enemies both inside and outside Pakistan. Disgruntled elements within the Pakistani armed forces, Afghani intelligence, moderates within the Afghan guerrilla movement, the Soviet Union and even Shiite fundamentalists all had good reason to see the end of the General. But rather than concentrate on this issue, it is more important to adjust to the situation as it is. Pakistan has been left rulerless. The late military ruler groomed no clear successor among his own officer corps, while he has left the opposition divided and debilitated by years of repression.

This is a prospect which must be of serious concern to Pakistan's friends and allies, especially China and the US, as well as neighbours such as India. Nevertheless, the uncertainty of internal developments in Pakistan should not obscure the fact that the international consequences of President Zia's death are less alarming. Providing Moscow and Washington can keep their lines of communication open, there is a chance that President Zia's departure could contribute to a more clear-cut solution to the Afghan problem, which has been the main cause of superpower rivalry in this corner of Asia since 1979.

**US aid**

President Zia was the most enthusiastic supporter of the coalition of guerrilla forces fighting the Soviet-backed Najibullah Government in Afghanistan. He was also the chief conduit for US aid to the Afghan resistance movement. In this role he was able to secure support for Pakistan's economy, military assistance and political backing that gave respectability to his regime.

Had President Zia's death occurred before the Soviet leadership agreed to withdraw its troops from Afghanistan, circumstances would have been very different. The US would have been presented with the loss of an ally whose co-operation was essential to the policy of using the Afghan resistance to humiliate the

Soviet Union. As it is, the agreement reached in Geneva last April committed the Soviet Union to withdraw its troops within a year and since then there has been nothing to suggest that Moscow is anything but genuine in its desire to end direct involvement in Afghanistan.

Pakistan, on the other hand, has shown little inclination to end support for the guerrillas, provoking protests and veiled hints of retribution from Moscow in recent weeks. The Soviet Union understandably does not wish to delay the timetable of troop withdrawals or to see the Najibullah Government negotiate Afghanistan's future from a position of total weakness. Its view has been shared by moderate elements within the Afghani opposition who have no love for the Soviet Union.

**Soviet intentions**

If the Reagan Administration is convinced of Soviet intentions regarding Afghanistan, there is an opportunity for Washington to use its influence in Pakistan so that the heat is taken off the Afghan issue. This could be unpalatable, especially if the Afghan Government was implicated in President Zia's death - and that of the US ambassador to Pakistan who died in the same aircraft.

However, Washington cannot squeeze much more mileage from the Afghan resistance and the Geneva agreement has had the effect of reducing Pakistan's geo-political importance. Pakistan traditionally owed its strategic significance for the US to its role as a counter to Moscow's alliance with India and as a monitoring post on the Soviet Union's southern flank. The easing of superpower tensions, the stand-off relationship, though still uneasy, between India and Pakistan, and the changing nature of intelligence surveillance have rendered Pakistan less important.

Taking Afghanistan off the board would have the further advantage of allowing the Pakistani political class and the military to concentrate fully on internal matters, and there are enough of these, starting with the need to evolve a more democratic form of government.

**The true cost of commuting**

THE PROPOSALS which British Rail is discussing for a steep increase in fares for long distance commuters reflect two different pressures: the Government's tighter financial targets and the need for prices charged by nationalised - and private - monopolies to reflect more accurately the cost of each service.

The two should not be confused. There are good theoretical reasons why British Rail, in common with most other railway systems in the world, should receive at least some level of public subsidy. But this by no means implies that the nation should provide special incentives for people to live far away from their work.

As last year's Monopolies Commission report into Network South East pointed out, British Rail has tended to allocate its subsidy to the commuter services, partly because they incur the highest costs and partly because of political pressures. This is difficult to justify. Commuters use the service at peak periods when efforts to improve reliability or reduce overcrowding are most likely to depend on increased capital spending on rolling stock.

recommended by the Monopolies Commission eight years ago. On many routes discounts for season tickets result in similar average revenues at peak and off-peak times.

If fares are now to be raised for long-distance commuters, British Rail should be asked to demonstrate that the rise does properly reflect marginal costs, and that strenuous efforts are being made to cut costs and improve the standard of service, by better manning practices as well as investment.

**Environmental gain**

The Government and British Rail should at the same time examine whether the logic of marginal cost pricing should result in a greater reduction in off-peak fares, to try to make the railways better used and to spread fixed costs more widely.

British Rail has been reluctant to lower off-peak fares to levels at which increased traffic would fall to offset the effect of lower fares on its total revenues. However increased use of the railways will take some pressure off the roads, which are costing some £3bn a year to maintain and develop, or four times the inflow of public funds into British Rail. The environmental advantage of railways over cars, and the greater safety, and their strategic importance when oil becomes scarcer are additional reasons why some elements of public subsidy may be justified.

The Government is right to try to induce greater efficiency and financial realism by its planned 23 per cent cut in external financing to £55m next year, but it should not be assumed too blandly that British Rail should be made profitable as a prelude to privatisation. The rail network cannot compete fairly with the private car so long as motorists perceive the cost of every journey in terms of the cost of petrol used, rather than the total environmental and capital costs of motoring. A squeeze on British Rail must be tempered by consideration of the wider benefits of the network and a parallel strategy to move the marginal costs of motoring in the right direction - upwards.

**Controlling the poor man's nuclear weapon**

Chemical weapons have taken a grim toll in the Gulf war. David White looks at the difficulties in the way of a treaty to ban them.

As the Gulf war moves towards a ceasefire, it leaves the world a terrible lesson: Iraq's use of chemical weapons. It is not just the appalling effects of such weapons on their victims - people were no less aware of those 70 years ago - but their effectiveness against a poorly prepared enemy like Iran. A whole class of arms, meant to disappear after the First World War, has made a comeback, and not necessarily in a new guise. Mustard gas is not an antiquated relic of Kaiser Wilhelm, but a modern weapon which is in stock today.

Looked at optimistically, the evidence produced by the UN on the increased use of poison gas in the latter stages of the Gulf war should harden the world's resolve to pursue an agreement removing chemical weapons from current and potential arsenals. Looked at pessimistically, "the poor man's nuclear weapon" has shown its value only too well.

A comprehensive ban, being worked at by 40 countries at the Geneva disarmament conference, is far from ready, and the final stages risk being overtaken by a tide of proliferation. The aim is to go beyond the 1925 Geneva Protocol, which outlawed the use of chemical arms and to prohibit countries from making chemical weapons, having them or transferring them.

The ban would be worldwide, covering those countries which, like Iraq, are not involved in the talks, and would set out to monitor and verify compliance in the same way as the recent Intermediate Nuclear Forces (INF) treaty which scrapped European-based US and Soviet medium-range missiles. This the hardest part to draw up. The treaty which does exist on production of bacteriological and toxin weapons, signed in 1972, makes no such provision.

The UK, having made a gesture of unilateral disarmament in this field in the 1950s, has been anxious to play a big part in getting the treaty going. But as the sense of urgency increases, so do the doubts. For many countries chemical arms are a tempting way of offsetting an enemy's superiority in conventional weaponry, or simply matching the other's chemical capability.

Compared with developing a nuclear bomb, chemical warfare is simplicity itself, requiring very little preparation or equipment. The arms are

cheap. They are easy to deliver, with a wide choice of means: bombs, missiles, artillery shells, mortars, multiple-launch rockets, aircraft sprays. They are also easy to produce. Mustard gas can be made by several methods: for instance from thiodiglycol, a fairly straightforward and inexpensive chemical, or itself not very toxic, widely used as an intermediate for rubber and anti-oxidants and as a solvent for dyes in textile printing. Converting it into mustard gas just requires hydrogen chloride gas to be bubbled through it.

The US reckons that whereas five countries had chemical arms 20 years ago, there are now between 15 and 20. The US itself, the Soviet Union, France and Iraq are the known possessors. Others believed or alleged to have chemical arms include Iran - which the US says has used them "in limited circumstances", although little hard evidence has come to light - along with Israel, Syria, Burma, both Korea and Taiwan.

Mr Francois Heisbourg, director of the International Institute for Strategic Studies (IISS), says that chemical warfare, seen up to two years ago in the context of the East-West balance, is becoming a North-South issue. If a ban is not enforced soon, he says, "the chemical cat will be out of the bag."

This is one of the oldest fields of arms control. Early treaties prohibiting gas projectiles were thrown to the winds when initial successes in spreading chlorine and phosgene on the Western Front in 1915, first by the Germans and then by the British, made way for shelling with more potent poison gases. The 1925 Geneva Protocol was eventually subscribed to by some 100 countries, including Iran and Iraq, as well as all the current Nato and Warsaw Pact members.

But most countries, including the US, France and the Soviet Union, reserved the right to reply in kind if attacked - implying, in effect, a ban only on first use of chemical weapons. This is the justification Iraq has given for its use. The ban did not cover development, production, possession or transfer, or any verification measures.

By the start of the Second World War, the first of the nerve agents - which can be absorbed through the skin - had been developed in Germany. But neither Hitler nor the Allies used their chemical arsenals - a restraint undoubtedly due less to the ban than to fear of unleashing an all-out chemical war.

However, there have been other instances since the 1925 ban when it is alleged that lethal chemical agents were used, starting with Mussolini in Abyssinia. Washington claims chemical agents and toxins were used by Soviet-supported Lao and Vietnamese forces and by Soviet forces themselves in Afghanistan. Israel's repeated use of chemicals in the Gulf war over the past four years could well mean others will seek to emulate it.

The central problem in extending the ban to production and possession is that the chemicals needed to make weapons almost all have other, perfectly legitimate, uses. Although Britain does not produce weapons as such, a handful of British companies manufacture the compounds that can be made into arms.

Some can be applied directly to warfare. US officials cite the case of the choking agent phosgene (carbonyl chloride), which goes into the production of plastics and varnishes. Others are potential basic ingredients - "precursors". One of these is phosphorus oxychloride, which is used in a range of products from pesticides to hydraulic fluids, as a petrol additive and as a fire retardant, but can also be used to make the nerve agent tabun.

The British Government has been active in pressing for tighter curbs on sales of the relevant chemicals and their precursors and Western countries have moved to co-ordinate export controls. For instance, while thiodiglycol, the mustard gas precursor, is easily available, a British manufacturer requires a licence to export it.

But an exporter can only declare what he believes to be the intended use of a product. A system of this kind can never be completely watertight. And monitoring a ban involves more problems. Any country with a chemical or pharmaceutical industry can have the necessary technology and new technologies are emerging. Both the arms and the chemicals are easy to conceal, as is their manufacture. Since everyone agrees that a ban has to be global to be effective, inspection would have to be worldwide and not among a

small group of countries as is the case with the INF treaty.

Provisions allowing challenge inspections to be made at short notice still face opposition from some quarters in the Geneva talks, notably India and China. However, a breakthrough came last year when the Soviet Union accepted the spot-check principle.

This does not mean that the East-West problem has been overcome, given the Soviet Union's alleged massive superiority in this field. Efforts at confidence-building have not been an unmitigated success. The Soviet chemical warfare facility at Shikhan, 500 miles south-east of Moscow, which is regarded as the main research and testing site, has received two outside delegations. The first, last October, was from a large group of international representatives, who, according to British officials, "saw very little".

Smaller British teams went in June as part of a bilateral exchange visit, but came away disappointed, having failed to see everything they wanted to.

Moscow officially admitted for the first time in April last year that it possessed chemical weapons, a total of 50,000 tonnes held entirely within Soviet borders. It did not specify which chemicals. Britain estimates the Soviet stockpile at 300,000 tonnes of nerve agents alone. Other Western guesses have gone as high as 750,000 tonnes.

The only Western stocks, apart from a few hundred tonnes believed to be held by France, are controlled by the US. The UK abandoned work on offensive chemical warfare in the late 1950s. Its Porton Down facility in Wiltshire,

**Major chemical weapons**

AGENT	WHERE FIRST DEVELOPED	EFFECTS
BLISTERING AGENTS Mustard gas*	Germany	Attacks eyes & throat, blisters skin, can cause slow death if inhaled or ingested. Similar, more rapid
Lewisite	US	
Mustard + Lewisite mix*		
BLOOD AGENT Hydrogen cyanide	France	Convulsions
CHOKING AGENT Phosgene	Germany	Lung collapse
NERVE AGENTS Tabun? Sarin* Soman* VX*	Germany, Germany, Germany, UK/US	Disrupt muscular co-ordination, breathing, sweating, vomiting, involuntary body functions, twitching, convulsions, death by asphyxiation.

\* Known to be included in current stockpiles

involved in chemical weapons since 1915 is devoted to protective measures.

The US, which has some obsolescent stocks in West Germany as well as in the US itself, also applied a moratorium from 1969. It restarted production at the beginning of this year in a modernisation programme endorsed by Nato allies. Chemical weapons officially form part of Nato's "flexible response," but the US says it has no plan to locate any in Europe in peacetime. It is replacing old arms with "binary" weapons, a new dimension in chemical warfare, delivering the same kind of agents but producing the deadly mixture only at the final moment. Short-range 155mm shells for delivering GB, otherwise known as sarin, a non-persistent nerve gas, are being made at Pine Bluff Arsenal in Arkansas, while a medium range multiple-launch rocket system and a long-range bomb, Bigeye, for spraying persistent VX nerve gas, are under development.

Current US stocks are generally estimated at something more than 30,000 tonnes. Strangely, of all known possessors, the Soviet Union is the only one to have given a figure.

Far from the public eye, the Geneva talks have made a good deal of progress towards drafting a treaty, including the products which need to be covered. The ban would embrace a wide range of toxic chemicals and precursors, as well as delivery munitions. States with chemical arms would be required to halt production, declare within 30 days what stocks they have and where

they are, and put forward destruction plans with a 10-year completion deadline. The broad shape of an international authority to supervise the ban has also been agreed.

Problems remain, however, in the detailed provisions for verification and the monitoring of civilian industries. Intrusive verification would affect private Western companies, not involved in making actual weapon compounds, on the same basis as Soviet chemical facilities. Industrialists fear both the potential disruption and the risk to commercial secrets.

In the US, legislation would be needed to force private companies to let foreign inspectors in. British chemical industry representatives say that while routine inspections at declared production sites of key precursors are expected to present few problems, they are less happy about challenge inspections at other, suspected sites and even less at the prospect of random visits. There is at present no confidentiality provision as to how inspectors might use the information gleaned, for instance, on process technology.

Washington insists that it does not want an agreement which lacks proper verification. After a long road of multilateral negotiations and bilateral discussions with the Soviet Union, US officials say they are still hopeful. Others take a bleaker view. "It may be that it is simply not possible adequately to verify a chemical treaty," says Mr Heisbourg. The fact that the original ban which it would aim to reinforce has been flouted with impunity so recently is hardly a good omen.

**Bangkok post**

Now that Burma has slammed its doors shut while a discredited regime fires on its own people in the hope of surviving, the world has turned, once again, to neighbouring Bangkok for news.

The Thai capital's proximity to Burma is one reason for its popularity in the Best Listening Post in south-east Asia stakes. More important is the fact that the Thais have made it easy for outsiders to work in the area.

Not that the competition from other countries in the region is particularly hot. Mrs Aquino has yet to take a grip of the Philippines, a whirl of impending instability hangs over Malaysia, while in Singapore Lee Kuan Yew is reluctant to accept that journalists, diplomats and businessmen operate best in a free as well as an ordered society.

Bangkok's importance for regional eavesdroppers began after Saigon fell to the North Vietnamese and Phnom Penh to the Khmer Rouge in 1975. At the time, the world's press were as much refugees as the boat people who later drifted up on the region's shores and they needed a base where they could hear their aphorisms. Over 150 journalists from 53 international news organisations are now based there.

They were quickly followed by expanding embassies - Bangkok now has some of the largest missions in Asia, replete with cloak and dagger merchants peering into neighbouring communist Indochina, and international agencies. These include the UN, the OECD, the FAO, the World Bank and the EC. More recently, as Thailand's economy has boomed, scores of international businesses have established their regional headquarters in the city.

This growing service industry was drawn to the Thai capital not, it should be said, primarily by its salacious bump and grind industry. They came largely because, despite its image as a general's playground, Thailand's influential monarchy, calming buddhist tradition and a pervasive yachtsman's-back pragmatism have combined to create (for all its often glaring inequalities) a remarkably stable business environment.

**Kerridge satisfied**

For John Kerridge, the chairman and chief executive of Fisons, yesterday's \$480m purchase of the pharmaceuticals division of Penwalt must have been a moment of some satisfaction. He recalled his early days in charge of the group, when its market value was less than £50m.

"Then other people were offering to relieve us of our pharmaceuticals business," he recalled. Instead, Kerridge decided to sell off the group's fertilizer business, which he had been in charge of when he joined the company's board.

The move, which surprised many at the time, paid off. Kerridge decided to concentrate on pharmaceuticals and, thanks to drugs like Intal, Fisons is now worth around £1.2bn. The Penwalt acquisition will mean that around three-quarters of the group's profits will come from the pharmaceuticals division.

Kerridge is now an established favourite in the City of London, apart from a brief contretemps last year when institutional opposition forced him to withdraw an £10m overseas equity issue.

The institutions will now have a chance to make amends. Kerridge is asking them to stump up £165m to pay for the Penwalt deal.

**OBSEVER**



"No stupid - that's not one of Bush's grandchildren, that's his running mate."

**Ronnie quits**

General Zia's death in Pakistan serves to underline how threadbare the line between stability and uncertainty can be on the subcontinent. It was, after all, only four years ago that India's Indira Gandhi was assassinated by Sikh extremists and her son's early successes, especially in Punjab, are looking distinctly frayed.

Things are not much better at the other end of the Indian Ocean. Ronnie de Mel, the man who kept Sri Lanka afloat while its leaders cheerfully tried to scuttle it, has finally thrown in the towel.

He called me this week to say that, having resigned earlier in the year as the country's finance minister, he was now quitting the ruling party in a last effort to force a solution to the country's ethnic conflict.

De Mel says that Sri Lanka now resembles an armed camp and is close to collapse. "There is no democracy, no freedom

of speech in parliament, no hope for the future." Above all, de Mel, who spent the past few years using his considerable eloquence to persuade Sri Lanka's foreign aid donors that his masters were working for a political solution, sees little hope of a resolution to the war between Tamils and Sinhalese and, more recently, between the Government and Marxist insurgents.

De Mel is now in no man's land. He will probably be stripped of his constituency in parliament and may find it harder than he thinks to be offered a front seat on the opposition bandwagon. He will reject tempting offers, which will almost certainly come his way, from hands in the international financial world, to work abroad. He hopes to become a rallying point for an anti-government coalition and, when the time comes, play a role in rebuilding the country. I fear he may have to wait a long time.

**Teenage blues**

Some friendly advice for readers of the FT outside, or for that matter inside, the UK this week who have friends with 15-year-old children. If their friends are moody, depressed or paranoid, or all three which is more than likely, it's not because they've lost their Filofax.

It is because their children are passing, or not as the case may be, that educational Rubicon, the A-level exam.

For the benefit of our non-British readers, A-levels are a kind of sudden death play-off between some 400,000 schoolchildren, most of whom hope to go on to university.

If your child fails or does badly, that's it, at least for the coming year, unless you are in the fortunate position of being able to donate a Canaletto to the university of your choice.

Alain Cass

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4/19/87/8

David Churchill reports on reaction in the travel industry to Thomson's swoop on Horizon

Two weeks ago, when most Britons were still dreaming of getting away, delays permitting, for their summer holiday, Horizon Holidays took the unusual step of launching its holiday brochure for next summer.

The move surprised a travel trade still desperate to sell holidays for this August, let alone next year. Many in the industry felt it smelt of panic: Horizon simply believed it could not be left behind in the early rush for 1989 summer holidays.

Yesterday those fears were confirmed when Horizon — the third largest tour operator — was taken over by the Thomson Travel Group in a deal worth £75m. Thomson, which was already the market leader in the UK's overseas package tour business, thus becomes far and away the dominant holiday travel company in the world.

Thomson's move has put the seal on a year which most package tour operators would rather forget. Buffeted by criticisms from all sides about their standards of service, as well as facing irate passengers delayed at UK airports, the tour operators seemed never to have had it so bad.

Although British consumers have been enjoying an unprecedented consumer boom this summer, they have not been spending their disposable income on package holidays. Demand for foreign package holidays is running at least 5 per cent down in volume terms this summer.

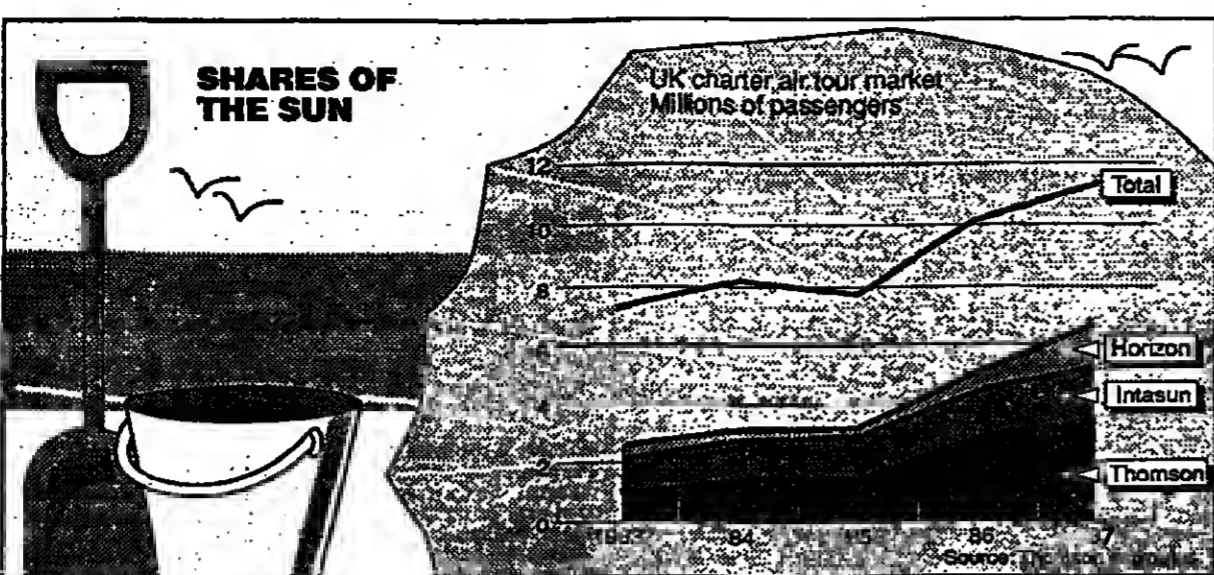
For Bass, Britain's biggest brewer, the move is also an admission that its diversification drive into the leisure industries is in tatters. It was only in April last year that it acquired Horizon for some £92m and talked of "long-term strategic diversification."

Bass decided that, at the end of the day, it did not have the will or resources to continue competing with Thomson and Intasun, part of the International Leisure Group, for a share of such a low-margin and fickle market. It was a decision that another major leisure operator, the Rank Organisation, took in August 1987, when it sold its Wings tour operation to Bass for £10m (Wings is included in the sale to Thomson).

The origins of yesterday's moves can be traced back to Sorrento in late autumn, 1985. It was there, at the leading trade conference for the travel industry, that Thomson sparked off a fierce price war with prices cuts of up to 20 per cent across the board.

Rapidly growing demand for package holidays in the early 1980s — as a result of rising living standards and the introduction of more efficient charter planes — had come to an abrupt halt in summer 1986 when the volume of demand dropped by 6 per cent. The travel trade, both in the UK and the Mediterranean, had become complacent about its customers — pushing up prices rather than than Britons were prepared to pay.

Thomson's move at Sorrento, however, sparked off a fierce reaction from Mr Harry Goodman, the chief chairman of ILG, and the price war started in earnest. By last summer, competition for market share between the majors — Thomson, Intasun, and Horizon — saw two-week Mediterranean packages being sold for as little as £48.



War of attrition in a shrinking market

mer, competition for market share between the majors — Thomson, Intasun, and Horizon — saw two-week Mediterranean packages being sold for as little as £48.

The effects of two summers of price-fighting began to be felt. British Airways's package holiday companies, Sovereign and Enterprise, had lost an estimated £5m last summer and were merged with Sunmed, a specialist Mediterranean tour company, to form Redwing Holidays. Horizon lost £8.8m last year, while Thomson's tour operating profit of £3.2m was down from £16.7m in 1986.

Figures from the Civil Aviation Authority, which licenses charter tour operators, show that the 30 largest tour operators between them clocked up an aggregate deficit of nearly £25m last year.

BASS'S ownership of Horizon Holidays has contributed to the recent under-performance of the brewer's shares.

Rather than provoke criticism of Bass's diversification strategy, yesterday's announcement helped improve City sentiment, with Bass's share price rising from 775p to 790p.

But the sale raises questions about how Bass will develop its activities, which include Holiday Inns, Crest Hotels and Coral Racing.

Horizon, along with the £250m purchase of the International assets of the Holiday Corporation, represented a new level of diversification for Bass from its core drinks and licensed estate business.

The acquisitions were part of the

But it was in September last year that Intasun made its most effective counter-move, initiating a surprise early launch of its summer 1988 brochure at prices which Thomson, which launched a few days later, could not match. It led to Intasun's capturing most of the early season bookings and Thomson being forced to chop some £16m off its prices a few weeks later.

Thomson never really recovered from this disastrous start to the current holiday season and its fight back against Intasun was hampered by the sluggish growth in demand, although some 11m Britons will still buy a package holiday this year.

Thomson's decision to go for Horizon partly reflects the culture of the company. "There is a degree of pride involved and there is no doubt that

long-term aim to increase the percentage of the group's profits coming from non-brewing sources. In the six months to April 8, the group's leisure interests, including Horizon, Crest Hotels and Coral Racing, contributed £15.8m to trading profits compared with £15.4m the previous year. Brewing and retailing contributed £158.9m, an 18.9 per cent increase.

Development of the leisure division is an important objective, with Holiday Inns likely to prove a wise buy.

Mr Ian Prosser, the new chairman of Bass, said: "We believe these areas which we are in already do offer real opportunities." Beer, hotels, restaurants, bingo and betting were the core businesses.

In his analysis of where the group's

Thomson has seen its volume share under pressure this year from Intasun," says Michael East, a travel industry consultant with the East-castle group.

Thomson Travel, part of the Canadian-based International Thomson group, has made no secret of its determination to maintain its market share this year. Paul Brett, Thomson's managing director, says: "We believe that the way to make money out of our operation is to achieve a high volume of sales which enables us to achieve economies of scale and spread our costs."

Thomson believes that its sophisticated computer booking and control systems can achieve with Horizon what Bass — which was also going for a high-volume, low-margin strategy — failed to achieve. "I am sure that Hor-

future growth will come from, he must take into account the imminent report from the Monopolies and Mergers Commission on the British brewing industry.

The report from the MMC, due in February, has been one of the reasons for the depression in Bass's share price. Analysts have argued that Bass, with the largest estate of pubs, could be in a difficult position should the MMC call for a freeing of the tie — the system by which most brewers sell their own beer in their own pubs.

However, if the tie is abolished, or weakened, Bass's brands, including Carling Black Label lager, are likely to increase their market share.

Lisa Wood

LOMBARD

Outworn labels of socialism

By Margaret van Hatten

JUST AS the terms "left wing" and "right wing" have lost much of their meaning in contemporary politics, so have the labels "conservative," "radical," "reformist" and "liberal" become — like "progressive" — little more than signals of approval or disapproval, depending on the audience.

In the present Soviet political debate, which finds echoes not only in the socialist states of eastern Europe but also in many of the socialist parties of the west, these labels have acquired specific, limited meanings which may not outline the problems (mainly economic) which shape the debate.

Mr Yegor Ligachev, second in the Soviet political hierarchy, has added a new shade of meaning to the label "conservative." His recent address to party activists in Gorky attacked new developments in Soviet foreign policy for ignoring "the class character of international relations."

Some may be tempted to dismiss Mr Ligachev as a dear old-fashioned fellow. But in that phrase he put his finger on the most vulnerable area of contemporary Marxist and socialist thinking: its failure to take into account the profound effects of the second industrial revolution on class identity and political allegiance.

Nowhere is this more evident than in Britain, where the Labour Party still flounders to find a new raison d'être now that the urban workforce, even the body of unemployed, no longer looks to Labour for political representation, and where the centre parties still cast around desperately for a social constituency big enough to guarantee them more than a handful of seats in Parliament.

Class divisions have not disappeared, but they have shifted and become blurred at the edges. Political allegiance can no longer be confidently deduced from occupation, disposable income, education and living standards.

This is as true of international relations as of domestic politics. But to see relations between industrialised and developing countries as — in essence — the same as relations between the upper and

lower classes was always a distortion.

The charity handouts distributed by the Soviet Union (along with military support and lessons in ideology) to the deserving poor of the Third World have mostly been little more effective in winning friends and influencing people than such transparently self-serving exercises usually are. Soviet adventures in Egypt, in Afghanistan, in Angola, in the Horn of Africa and the Gulf have hardly proved cost effective.

But the differences between those who see Soviet foreign policy mainly as a mission to export the revolution and a duty to support "liberation movements," and those more committed to promoting the interests of the Soviet state world wide, have existed ever since the ideological battles between Lenin and Trotsky.

The advent of Mr Mikhail Gorbachev has put promotion of the interests of the Soviet state at home and abroad ahead of more evangelical concerns in policy formulation.

The danger now is that disillusioned socialists of east and west will be disposed to throw out the baby with the bathwater. And there is a baby in there, even if it is — so to speak — only a little one. Socialist governments, however ineffective their economic policies, have at least been able to suppress some of the worst excesses and injustices of capitalism.

But socialism as practised in Eastern Europe, Asia, Africa and Latin America has failed to generate enough wealth to make more equitable distribution a relevant selling point; or to justify the upheaval and suffering apparently needed to establish socialist systems; or to match, let alone outstrip the wealth created by capitalism as practised in the west. This has undermined socialist proselytisers and greatly complicated their task.

Mr Tony Benn and Mr Yegor Ligachev are in the same boat. Unless they come up with some fresh ideas and jettison some outmoded perceptions, they may not be able to keep it afloat much longer.

LETTERS

Data made more reliable

From Mr A.D. McKay and Mr M.E. Weale.

Nothing else, the recent debate on the quality of UK economic statistics (Letters, August 11) highlights the pitfalls of only looking at one part of the UK national accounts.

If, as Stephan Bell claims (August 8), personal sector income is understated, which component of income is he thinking about? Are dividends too low (because the company sector seems to have an error of much the same size in the opposite direction)? Or does he

think that wages and salaries are too low (which could mean that output is higher than it is thought to be)?

The usual scapegoat is the black economy. But this makes national output further exceed estimated national expenditure (which Mr Bell seems to accept), and worsens an existing measurement error between the two. The only thing to hope for is that exports are under-recorded; but this on its own does not correct the residual for the corporate sector.

The truth is that a piecemeal

study of economic statistics is always likely to lead to problems of this type. In 1982 the creators of the UK national accounts (no doubt aware of the space in your columns which might otherwise be taken up by the issue) devised a method for allocating residual discrepancies in a manner which actually increases the reliability of the data.

If, as we believe, the residuals are to be allocated, this is the most appropriate technique to use. It normally leads to a compromise estimate somewhere between the two

starting points. We should therefore accept that saving has fallen.

The most obvious explanation for the fall in the savings ratio is the high value of capital gains which people have made on their houses and are now spending. This expenditure out of wealth is not a mystery; it is predicted by standard models of household behaviour.

Balance of defence

From Professor R.R. Neild.

Sir, Mr Graham Leman says (Letters, August 10) that in conventional warfare, defence against an attack by mobile forces requires mobile forces like the attacker's.

He concludes that it is a mistake for Mr Carluch to discuss with the Russians the problem of defining and removing offensive conventional weapons. It would be more sensible, he says, "to consider restricting logistics, so as to limit how far an attacker's mobile forces can advance before running out of supplies."

Mr Leman's conclusion is a non-sequitur. If mobile forces are needed for defence against an attack by mobile forces, it follows that it would be a mistake for one side alone to get rid of mobile forces. But it does not follow that it would be a mistake for both sides to get rid of mobile forces.

Water warning

From Mr John Hills.

Sir, The British Effluent and Water Association (BEWA) represents the interests of British process contractors and suppliers of water and effluent treatment plant and equipment. Despite advice and publicity about UK water quality (mainly brought about by PSBR — public service borrowing requirement — restrictions), members have been able to use UK installations as a reference and example to their foreign clients.

But members and, I suspect, water consumers will require some reassurance about fair play, given the prospect of a French water utility taking a stake in a UK water undertaking and, at the same time, benefiting from multi-million pound contracts for the supply of water treatment plant within that undertaking (FT report, August 9).

Water undertakings must ensure that tender adjudication is open and fair, and that all tenders for a project face similar contract conditions.

Water warning

Openness must also extend to the commercial activities of water undertakings, to show that customers are not subsidising unprofitable adventures.

BEWA has for some time warned about a drop in capital expenditure on water supply following privatisation. Mr A. Badger (Letters, July 29) expresses the fear of an in-built, long term incentive to under-invest.

Privatisation is said to be for the benefit of the consumer. With costs set to double within a few years (trade effluent charges are up 33 per cent above inflation since 1985), one assumes that the new director general of water services will be under pressure to keep the lid on price rises. With a choice between capital expenditure and dividends, in the short term the investor may be the one to gain.

Water warning

John S. Hills, British Effluent and Water Association, 5 Castle Street, High Wycombe, Buckinghamshire

All rules in relation to Chinese walls were observed

From Mr W.L. Banks.

Sir, We were surprised to find our name included in Mr Wolman's article (August 17), which could be read as suggesting that we had behaved improperly in connection with the Thomas Robinson takeover bid.

This procedure was strictly followed in the case of the Thomas Robinson bid for John Crowther and the underwriting participation which was

offered by the brokers was at a normal level in relation to client holdings in Robinson.

All decisions on the acceptance of bids are taken by the Asset Management Company, this being required by the Takeover Panel which has granted Robert Fleming Asset Management "exempt manager" status. Directors involved on the corporate finance side take no part in

such decisions. All of our rules in relation to "Chinese walls" were observed. To imply that there was something improper in the way in which we discharged our duties to our clients is wholly misleading and misplaced.

W.L. Banks, Deputy Chairman, Robert Fleming & Company Limited, 25 Copthall Avenue, EC3

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FINANCIAL TIMES

Friday August 19 1988

TAYLOR WOODROW TEAMWORK IN HOMES WORLDWIDE

EC seeks warmer relations with Moscow

David Buchan on plans for a trade deal and political dialogue with the Kremlin

THE European Community is about to embark on the most delicate stage yet of its Ostpolitik...



As part of the European Community's efforts to negotiate a full-blown trade and economic agreement with the Soviet Union...



"There is a fear that the Commission will go for the highest common factor rather than the lowest common denominator in this," says one diplomat...

There are a couple of further factors. One is that more high-technology research and development is now being carried out at Community level...

Second, the Commission is itself likely to enter the Cocom fray because of its ambition to rid the Community of its internal frontiers by 1992.

The first reaction of some EC states to Moscow's overture for an all-embracing agreement was to argue that the Soviet Union, as a relative latecomer to doing business with Brussels...

Some countries believe an agreement could cement Mr Gorbachev's hold on power. Others, most notably the UK, argue that the Community should pursue its own interests...

ing beyond the confines of a tightly written statement by the Twelve. The Greeks may, in the end, be lucky if during their EC presidency they get Mr Shevardnadze to lunch with EC ambassadors in Moscow...

Economic negotiations with Moscow will, however, have more substance - perhaps too much, the US fears. The purely commercial aspects of an EC-Soviet agreement, concerning tariffs and quotas, will be uncontroversial and of relatively little interest to the Soviets themselves.

The level of EC-Soviet trade is determined not by EC restrictions but by world oil and commodity prices. These have fallen since 1984 and so have Soviet exports to the EC...

The Soviets are interested in an accord with Brussels to promote exchanges of know-how and information as much as of goods.

mean problems for the Community. Transfer of militarily sensitive technology to Communist countries is governed by rules agreed by 11 of the 12 EC member states...

Significantly, the recent EC-Hungarian agreement, which Mr Willy De Clercq, the EC external affairs commissioner, described as going beyond what any other Comecon country could expect...

Most member states have national science and technology agreements with Moscow. Why, then, are some, such as the UK and France, wary of similar agreements at a Community level?

But other things, particularly sharing technology that could have a military use,

Wider Soviet share ownership urged

By John Lloyd in Moscow

MR LEONID Grigoriev, radical Soviet economist, has called for the Soviet Union to become a nation of shareholders, with more freedom to buy and sell shares and invest in enterprises.

who work in them - although co-op shares may also be bought by other co-ops. A tiny market has begun but it is hampered by lack of knowledge on every side...

He mocks the view of a new rentier class emerging and lounging unproductively while their shares do the earning. On the basis of a 6 per cent annual return - the average offered by co-ops - a regular family would have to invest 180,000 roubles to achieve the modest income of 400 roubles a month...

price of 465p a share - slumped to 405p. Trading was heavy, and this was mirrored on the traded option market where a new "restricted life" option on RHM was recently introduced.

Quayle row threatens the Bush campaign

By Stewart Fleming and Lionel Barber in New Orleans

MR GEORGE BUSH, US Vice-President and the Republican candidate in November's presidential election, faced growing controversy yesterday over accusations that his new running mate, Senator Dan Quayle of Indiana, was a Vietnam draft-dodger.

The Bush campaign said it had been examining allegations that Mr Quayle, 41, used wealthy family contacts to join the National Guard in 1969 rather than submit to the military draft and possibly be sent to fight in Vietnam.

The controversy threatened to overshadow Mr Bush's speech accepting the Republican presidential nomination. The speech was due to be delivered last night at the party's convention in New Orleans.

Party strategists had described the speech as a chance for Mr Bush to step out of the Reagan shadow.

However, the Bush camp has been distracted by questions about Mr Quayle, a strong supporter of defence spending and a self-described expert on national security, and his decision to enlist in the National Guard, a home-based reserve force.

There was speculation among convention delegates that consideration was being given to dumping Senator Quayle from the Bush ticket.

Seeking to brush aside the controversy, however, Mr Bush gave a ringing endorsement of Senator Quayle.

"I don't think I could have selected anybody that will do more to help the election than Dan Quayle of Indiana," Mr Bush said.

Speculation grows of Zia assassination

Continued from Page 1

Ghulam Ishaq Khan, who took over as President, is a dry, intellectual figure, who served for many years as defence secretary to President Bhutto.

Both men are unlikely to be able to resist opposition pressure to hold party-based elections which were promised by the new President when he spoke to the nation.

Although troops were deployed in key positions in the capital and elsewhere, they have deliberately kept a low profile, leaving civilian police to patrol the streets.

The belief that President Zia could have been killed by disaffected members of the military is given support by signs of recent discontent within the armed forces.

Among other theories being put forward for the explosion was that the aircraft had been destroyed by the KGB, the Soviet secret service, or Khad, the Afghan intelligence unit.

The Soviets have repeatedly warned Pakistan of the consequences of continuing to violate the Geneva Accords.

Conflicting accounts were given of the way the aircraft exploded. Some local newspaper correspondents reported eye-witnesses as seeing a missile fired at the aircraft.

The American community was saddened by the death of a respected ambassador, who had also been close to President Zia.

UK refers RHM bid to mergers agency

Continued from Page 1

price of 465p a share - slumped to 405p. Trading was heavy, and this was mirrored on the traded option market where a new "restricted life" option on RHM was recently introduced.

The immediate official reaction from RHM, where brand names include Hovis and Mothers Pride, Mr Kipling cakes and Robertson's jams was a restrained welcome.

"This makes it much more difficult for them," commented Mr Boh Rogerson, finance director, "and offers us the chance to make a really good presentation to the MMC. We believe our case is quite strong."

The bid by Goodman, another food group with extensive interests in both Australia and New Zealand, will automatically lapse because of the referral. Yesterday, Goodman said it was reviewing its position - in particular, whether to proceed with the Commission inquiry - and would

make a further statement "in due course". Mr Duncan McDonald, managing director, said the company was "surprised and disappointed" and still believed that the structure of the financing arrangements was "sound and conservatively based."

"Our intention has always been that RHM will not only remain competitive in all its markets but improve its position, particularly on an international basis."

Grounds for the reference appear to centre on concern that if RHM were part of a group which was financially stretched, its ability to compete in the bread market, where it is one of two major players, could be impaired.

Stockbrokers Henderson Crosthwaite estimate that, of the total £2bn bread market (excluding morning goods), Associated British Foods takes about 35 per cent, and RHM, just under 30 per cent.

The market is highly competitive,

Politburo says harvest is at risk from indifference

THE RULING Politburo summoned Communist Party leaders from agricultural regions to Moscow and ordered them to mobilise all available forces to ensure a good harvest. Renter reports from Moscow.

According to the official Tass news agency, the Politburo said that indifference and irresponsibility were threatening the 1988 crop in numerous regions and warned that the Soviet people might not be guaranteed enough food. It adopted a resolution

demanding the "unconditional fulfilment" of state orders for grain, meat, milk, potatoes and other products, and ordering "full mobilisation of all available forces and resources" to accelerate the harvest.

The Politburo report did not single out any areas where the harvest was going poorly.

Soviet officials have said they expect the 1988 grain crop to be generally good, and in mid-August harvesting rates were ahead of those achieved at the same period last year.

Finding holes in the bread market

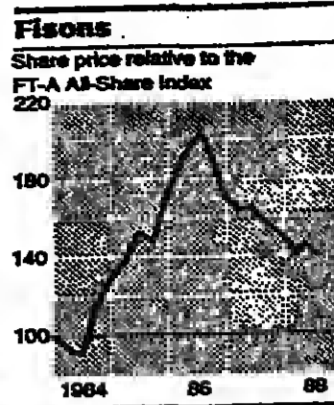
As the Goodman Fielder bid for RHM was unpopular in Parliament, in the City, in industry and even among RHM's more responsible institutional shareholders, it is odd that the market was so surprised to see it referred to the Monopolies Commission.

The official explanation for the referral - that the financial strains on the company could reduce competition in the bread market - seems more than an excuse for a decision that was actually made on political grounds.

The market is evidently not prepared to guess which way it will go, and at 405p, the shares are balanced between the bid price and the price that the 29.9 per cent Goodman stake could fetch if sold in a hurry.

Anyone who pays over the odds for a pedestrian drugs business and still expects to increase earnings in the first year is either a dreamer or a very good operator.

Whether such a move will change anyone's behaviour in the real world is more questionable. Investors are not so



that Kodak predicted four years earnings dilution from the deal while Fisons expects none from the outset. The company believes rationalisation measures can trim costs by \$25m almost immediately - nearly twice the profits which the business should make this year.

Even though the new treatment makes the balance sheet better reflect the value of a company, its logic is inferior to the usual argument as it makes a bogus distinction between purchased and home-grown brands.

Brand names: The cynical view of GrandMet's decision to add \$500m to its assets by putting a value on its acquired brand names is that a really big acquisition must be in prospect.

Whether such a move will change anyone's behaviour in the real world is more questionable. Investors are not so

sophisticated that they will pay extra for a company that adopts the GrandMet approach. Neither are banks likely to lend more on the basis of apparently improved balance sheet ratios.

Even though the new treatment makes the balance sheet better reflect the value of a company, its logic is inferior to the usual argument as it makes a bogus distinction between purchased and home-grown brands.

There may come a day when BT feels it has to impress its shareholders, but for the moment they rank well down its priority list.

robust market growth is cushioning the impact of the extra costs. But there is still plenty of corporate fat which could be shed, and as long as the new management team shies away from this painful task, BT shares will continue to trade at an embarrassing discount to the market.

Whether such a move will change anyone's behaviour in the real world is more questionable. Investors are not so



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Table with columns for city, temperature, and weather conditions. Includes cities like Algiers, Amsterdam, Athens, Beijing, etc.



# FINANCIAL TIMES COMPANIES & MARKETS

Friday August 19 1988

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## INSIDE

### Ranks Hovis raises fresh questions

**RHM** The surprise reference to the Monopolies Commission of the highly leveraged bid for Ranks Hovis McDougall from Goodman Fielder Wattle raises fresh questions about the British Government's competition policy. Nikki Tait looks reasons at the move and its implications for Goodman Fielder, the unwelcome Australian suitor. Page 22

### Uplifting time for Ekofisk

Faced with a sinking seabed and falling production on its Ekofisk field in the North Sea, Phillips Petroleum has devised elaborate plans for a nitrogen gas injection programme that could enhance output into the 1990s. But Phillips also confronts the dilemma of whether it should pump more oil and gas into a market that might be oversupplied. Page 32

### Royal keeps eyes on Europe

Royal Insurance, the large British composite insurer, is still in the market to buy a substantial European subsidiary. Alan Horsford (above) maintains Royal's long-term goal has been growth in Europe. Page 21

### Earnings jump at Bayer

Strong growth in Europe and Latin America helped push pre-tax profits of Bayer up 20 per cent to DM1.86bn (\$973m). The result continues the trend of the overseas earnings growth of the West German chemicals industry which has also been underpinned by firm domestic demand in the last year. Page 19

### Pertamina tries a civil approach

The vicissitudes of the oil business have played havoc with Pertamina over the past 15 years. Today, Indonesia's state oil monopoly gets its first civilian head, Mr. Fatah Arbani, who can expect a baptism of fire in putting Pertamina's house in order. He has inherited an enterprise buffeted by low oil prices but committed to massive downstream investment — in the hope of transforming the company's finances. Page 20

### SKF rolls along in first-half

European roller bearing sales for SKF improved during the first-half but competitive price pressures for the Swedish bearing maker is beginning to hit large volume orders. Sales were up almost 7 per cent but profits advanced only 2.5 per cent. Page 19

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### Chief price changes yesterday

FRANKFURT (DM)		PARIS (FFr)	
Hollmann (F)	466 + 10.5	Synthabo	379.9 + 15.8
RWE	230 - 4.5	St. Roch	1024 + 34
Alcatel	1510 - 22	Pele	1020 + 20
Henkel	483.5 - 4.5	Comp.Soc.	350 - 8.1
		DMC	425 - 10.5
NEW YORK (\$)		TOKYO (Yen)	
General	34.5 + 2.5	Case Corp	450 + 20
Dow Grp.	15.5 + 2.5	Clara	850 + 40
Amstar	45.5 + 1.5	Alcoa	74 + 40
Union	32.5 + 1.5	Pele	1020 + 20
Alcoa Tech.	17.5 - 3	Pele	1020 + 20
Woodward	30.5 - 2	Pele	1020 + 20
LONDON (Pence)		LONDON (Pence)	
AMEC	302 + 15	St. James	223 + 6
Ases Trust	88 + 7	Harford Shann	300 + 6
Bass	788 + 13	Mon O'Par	258 + 8
Britannic	357 + 9	Morgan Giff	318 + 6
Cable & Wra.	302 + 12	Wells Fair	255 + 4
Cambridge EI	291 + 6		
Centraf	190 + 12		
Capital Radio	317 + 18	RFM	403 - 50
Dowey Warren	124 + 5	Scot. & Newc.	387.5 - 14.5

## Fisons pays \$460m for Pennwalt's drugs side

By Philip Coggan in London and Roderick Oram in New York  
**FISONS**, the British pharmaceutical, horticulture and scientific instrument group, yesterday announced the \$460m acquisition of the pharmaceutical division of the US-based Pennwalt Corporation. The deal is being partly financed by a \$165m (£79m) one-for-six rights issue, with the balance being funded from Fisons' cash resources and new US dollar borrowings. News of the deal accompanied the announcement of Fisons' interim pre-tax profits which showed a 19.2 per cent increase to \$50.5m (£24.6m) in the six months to June 30. Fisons' shares closed 7p lower at 244p yesterday.

Shares closed 7p lower at 244p yesterday. Fisons said that the acquisition would give the company a presence in the non-prescription or "over-the-counter" US drugs market and a stronger sales force in the US general practitioner market. The group would also benefit from Pennwalt's US research and development capability. Although the Pennwalt division made a pre-tax loss of \$3.5m in the first half of this year, that was largely due to the launch costs of Micron, the group's new anti-hypertensive drug. Fisons believes that a combination of staff cuts and site rationalisation could remove some \$25m of annual costs by the end of this year. Since Mr John Kerridge became chief executive (and subsequently chairman) in 1980, Fisons has increasingly built up its pharmaceuticals division, while selling off some peripheral activities. Following the current acquisition, pharmaceuticals are likely to contribute around three-quarters of the group's profits. Fisons is issuing \$2.4m shares under the rights, offering them to shareholders at 205p each, compared with Wednesday's closing price of 251p. The Pennwalt put its drugs division up for sale in June to try to counter an offer of a friendly restructuring made by Centaur Partners, a New York investment group, which owns about 7.6 per cent of its equity. Centaur had no immediate comment on the disposal but some analysts thought it might try to launch a tender offer for Pennwalt before it distributes the proceeds of the drug sale. Pennwalt's shares jumped \$2 3/8 to \$84 3/8 in early trading.

## Bell move paves way for A\$850m takeover by Bond

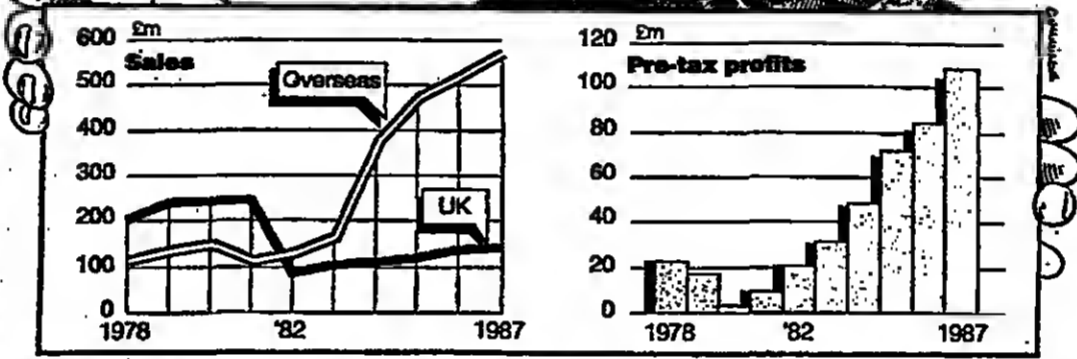
By Chris Sherwell in Sydney  
**DIRECTORS** of Bell Group, flagship of the reduced business empire of Perth financier Mr Robert Holmes à Court, yesterday recommended acceptance of a A\$850m (US\$606m) bid by Bond Corporation one day after Bond Corporation finally secured a majority stake. The recommendation came in Bell Group's long-awaited formal response to the bid, which was first announced almost eleven weeks ago. On Wednesday Bond Corporation — controlled by another Perth entrepreneur, Mr Alan Bond — confirmed it owned more than 50 per cent of Bell's shares. Bond Corporation is now expected to seek majority representation on the board of Bell Group and then move ahead with a complex plan to restructure the two empires. The key feature is a reverse takeover of Bond Corporation by the cash-rich Bell Resources, an offshoot of Bell Group in which Bond directly and indirectly controls 57 per cent. One potential obstacle to this plan has emerged in the form of Mr John Spalvins, the businessman who controls the Adelaide Steamship conglomerate. In recent weeks he has built up a stake in Bell Resources amounting to almost 13 per cent, and it is assumed he wants to block the plan, or force Mr Bond to sell certain assets. Bond Corporation's bid followed its purchase of a 20 per cent stake in the company from Mr Holmes à Court in May. It coincided with a near-identical purchase from Mr Holmes à Court of another 20 per cent holding by the state-owned Western Australian State Government Insurance Commission (SGIC). Investigation of the deals by the National Companies and Securities Commission (NCSC), the share market watchdog agency, suggested that the two parties might have had some understanding over the future management of Bell Group — an allegation both denied. But the result was the Bond Corporation bid for all but the 20 per cent stake held by the SGIC, and at the same A\$2.70-per-share price it had originally paid Mr Holmes à Court. The aim was to ensure that all shareholders had a chance of securing the A\$2.70 price as well. Analysts agreed at the time that this price was generous, and yesterday's delayed response from Bell Group directors said the offer was not only "fair and reasonable" but, according to its independent advisers, in excess of Bell Group's value per share. Shareholders, they said, were unlikely in the future to receive the premium offered for their shares, "considering Bond Corporation was now entitled to more than 50 per cent of Bell." Yesterday Bond Corporation said its holding had reached 51.2 per cent.

## Kerridge looks for US pep-up

Philip Coggan examines the UK group's expansion into pharmaceuticals

What price expansion in the US? At first sight, the \$460m that Fisons is paying for Pennwalt's pharmaceuticals division seems an awfully large amount to pay for a business that made a pre-tax loss of \$3.5m in its first half. Even based on last year's earnings, the exit p/e is about 35. Indeed, Mr Robert Hedrick, an analyst with Epples, Guerin and Turner, said yesterday that "the price is almost unbelievable. If they'd [Pennwalt] gotten half that amount, I would have thought they had done well."

But Mr John Kerridge, the chairman who has rebuilt Fisons during the 1980s, believes the acquisition could enhance the group's earnings as early as this year, and definitely the next. Fisons has shed many of its peripheral activities during the past decade and has increasingly concentrated on pharmaceuticals, which once again proved the main driving force behind its 13 per cent increase in interim profits, announced yesterday. The Pennwalt deal will increase Fisons' pharmaceuticals sales, pushing the proportion of profits from the division up to about 75 per cent. The key to Mr Kerridge's optimism about the price he paid for the Pennwalt division is the scope for rationalisation between the new operation and Fisons' existing US business. Fisons' US headquarters — currently in Bedford, Massachusetts — will be moved to the Pennwalt head office in Rochester, New York. In addition, the sales forces of the two groups will be combined and then reduced from their current strength of 535 to 400. The effect will be, Mr Kerridge



believes, costs savings of about \$25m by the end of the year. That will have a substantial effect on a business which made profits of \$19.6m last year. In addition, the financing of the deal is designed to leave Fisons paying no tax on the Pennwalt profits for at least this year and the next. However, the rationale for the Pennwalt deal is more than just financial. The market has been expecting a move from Fisons for some time. Some have been worried that the company is heavily dependent on Intal, its long-established anti-asthma drug, and that early sales of a new anti-asthma treatment, Tilade, have proved disappointing. Although there are high hopes for pentamidine, a drug developed by the group for use in treating AIDS-related pneumonia, many fear the group faces a "products gap" if Tilade fails to take off quickly.

The Pennwalt deal does not provide any exciting new drugs for Fisons, and of course it reinforces the group's exposure to the US dollar. But it does offer some real commercial benefits. Pennwalt's business is split virtually equally between "ethical" drugs — those only acquired with a prescription — and "over-the-counter" drugs, which are freely available. Fisons has some OTC business in the UK, but none in the US, the biggest drugs market in the world. When some of Fisons' products, like Intal, lose their patented status, a US OTC sales force will be vital. Pennwalt's main products — the Pentatus/Pulsionex cough and cold drugs — fit in neatly with Fisons' largely respiratory drugs range. And the Pennwalt sales force will give a more substantial presence in the general practitioner market, which will be important when Fisons eventually launches Tilade in the US.

## UK takeover ruling due on Irish bid

By Lisa Wood in London  
The UK Takeover Panel will announce today whether or not Grand Metropolitan, the British drinks group, can proceed with a hostile bid for Irish Distillers (IDC). The European Commission, on Wednesday, forced the break-up of the three-company British consortium, made up of Grand Metropolitan, Allied-Lyons and Guinness, which was mounting a 132,000m (£265m) takeover bid for IDC. The Takeover Panel said last night: "A decision has been made and will be announced early tomorrow." The Panel is expected to give a fairly lengthy explanation of the issues and analysis of all the arguments. If GC & C Brands is allowed to continue with its bid the official deadline for any increase on the 1R35p per share offer is today.

## Kronenbourg merges with Maes

By William Dawkins in Brussels  
**ALKEN-KRONENBOURG**, the Belgian brewing offshoot of BSN, the French industrial group, has merged with Maes, the second largest brewer in Belgium. The deal, announced by BSN in Brussels yesterday, is the second such merger in the Belgian brewing industry since April, when Artois and Brasserie Pilsener — best known for its Jupiler brand — joined forces to form the country's largest brewer and the third largest in Europe. They are both attempts to establish advantageous positions in the run-up to the creation of a single European Community market by 1992. Yesterday's merger creates a group with 20 per cent of the Belgian market, still second after Artois-Pilsener, since renamed Beilrew. Alken-Kronenbourg, fully owned by BSN, recorded a turnover of BFR3.7bn (\$92.6m) last year, slightly more than Maes' sales of BFR3.5bn. Mr Theo Maes, president of Maes, will also be president of the new group, which will be 50 per cent owned by BSN. Both companies employ around 650 staff, and produce 1.1m hectolitres annually. They are expected to have a combined turnover of roughly BFR7bn, which compares with the BFR2.1bn annual sales of Beilrew. The accord also marks the latest stage in a major re-organisation of the top brewers in a country renowned for the diversity of its beers. More than 400 brands are produced by the Belgian beer industry, a large part of which is traditionally dominated by small and medium-sized family owned businesses. The French company owns Europe's second largest brewing interests after Heineken of the Netherlands. BSN numbers Kantarbrau and "164" as well as Kronenbourg among its top brands. A spokesman said the immediate plan was to improve the Belgian distribution of Kronenbourg and that there would be no questions of restricting the development of Maes. This continues BSN's strategy of internationalising the Kronenbourg name, pursued mainly through co-operation with other national brewing groups in which it has bought stakes like Mahou in Spain and Peroni in Italy. BSN also has franchise agreements with Courage and Harp in the UK.

## Bass sells Horizon unit for £75m

By David Churchill, Leisure Industries Correspondent, in London  
**BASS**, Britain's biggest brewer, yesterday surprised the UK travel trade by agreeing to sell its Horizon Holidays travel subsidiary to Thomson Travel in a deal worth \$75m (£127m). The move comes only 16 months after Bass bought Horizon for \$22m in a bid to become a major operator in the overseas holiday market. Thomson Travel, part of the Canadian-based International Thomson Organisation, is Britain's largest package tour operator. Its acquisition of Horizon, the third largest operator, creates the dominant tour operating company of its type in the world. However, the deal could face a reference to the Monopolies and Mergers Commission on competition grounds. Mr Harry Goodman, chairman of the International Leisure Group which is Thomson's main rival, is meeting with officials at the

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Best Travel	0,40m
Yugotours	0,29m
Grands/WSL	0,29m
Cosmosair	0,24m

Source: Civil Aviation Authority

Office of Fair Trading this morning to lodge his objection to the acquisition. "I am amazed that Thomson believe the deal should not be referred to the Commission given the market share of the two groups," he said yesterday. Thomson said yesterday that its combined market share would only be 22.9 per cent after the

This announcement appears as a matter of record only.

NEW ISSUE

AUGUST 1988



# MATSUYADENKI CO., LTD.

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## INTERNATIONAL COMPANIES AND FINANCE

### Shareholders cast doubts over Gotaas-Larsen deal

By Karen Fosell in Oslo

CLOUDS HAVE begun to form over the deal announced this week by Gotaas-Larsen, the Bermuda-based shipping company, which intends to sell to Carnival Cruise Lines of Miami its 38 per cent stake in Royal Admiral Cruises for \$260m.

Royal Admiral is a Norwegian holding company for Royal Caribbean Cruise Lines and Admiral Cruises.

Doubt over the deal has been cast by the Norwegian majority shareowners in Royal Admiral, who say they have first rights of refusal over the

deal and that they have yet to be formally notified by either Gotaas-Larsen or Carnival about their intentions.

Royal Admiral is considered a Norwegian company in that LM Skaugen and Anders Wilhelmsson, two shipping concerns, each own a 30.7 per cent stake in the company.

Both companies also have a right to an option which would allow each of them individually to purchase a 2.7 per cent block of Gotaas-Larsen's 36 per cent stake. Should they exercise the option, the stake left

available for Carnival would be reduced to 30.7 per cent.

Mr Otto Holmsen, managing director of LM Skaugen, said yesterday that because of the majority Norwegian shareholding, the proposed deal between Gotaas-Larsen and Carnival was far from secure.

The Norwegians have yet to decide if they will make a counter offer to Gotaas-Larsen block Carnival's efforts to sell their stake. A decision will not be made until the Norwegian owners are formally notified of the deal.

### Full-year earnings at Tandy set record

By Martin Stanbridge in New York

TANDY, THE US computer maker and electronics retailer, yesterday reported a 23 per cent rise in fourth-quarter net earnings to \$87.33m or 64 cents per share, from \$44.44m or 49 cents in the year-ago quarter.

This brought the year's net earnings for the Fort Worth, Texas group to a record \$316.35m or \$3.54, a 31 per cent increase over the \$244.32m or \$2.76 recorded the previous year.

Revenues for the year advanced to \$3.79bn from \$3.45bn, including a fourth-quarter contribution of \$813.5m, up from \$758.65m previously.

The year's net earnings were struck after interest income of \$588,000 compared with interest expenses of \$31.94m the year before, while the last 12 months' earnings figure includes an after-tax loss of \$3.64m from spin-off operations.

Following the announcement of the figures, Tandy's shares edged ahead by 3/4 to \$40.

During the year under review, Tandy moved to increase its products spread with the purchase in March of Grid Systems, a California producer of lightweight personal computers aimed at the upper end of the market.

Until then, the group's Radio Shack retail stores had focused primarily on low-cost computers.

### US advertiser buys Foster

By Robert Gibbons in Montreal

THE SALE of a second leading independent Canadian advertising agency to an international group has been announced, with McCann Erickson Worldwide of New York buying Foster Advertising of Toronto for an undisclosed sum.

Last week, MacLaren Advertising was acquired by Linde Worldwide of the US. Foster's clients include GM Canada.

### Bilspedition in bid for Swedish shipping group

By Our Financial Staff

BILSPEDITION, Sweden's largest road haulage company, has agreed to buy 72 per cent of the shares and 74 per cent of the votes of Rederiaktiebolaget Transatlantic in a deal that values the Gothenburg-based shipping company at an estimated SKr782m (\$119.6m).

Bilspedition said it would also bid for the outstanding Transatlantic shares. Trading in the shares of both companies was halted on the Stockholm bourse on Wednesday after reports of a takeover produced a spurt of buying.

The road haulage company had sales last year of more than SKr15bn and profit after net financial items of SKr225m. Transatlantic's sales last year were SKr2.72m. The company has a fleet of 15 ships.

Bilspedition said it had agreed to buy the shares from two other shipping companies and a company controlled by Mr Erik Penser, the Swedish financier. It would pay SKr120 per share and would also buy 1m options in Transatlantic for SKr65 each.

It said the acquisition fitted in with the strategy of both companies of building an integrated transport system for their customers and that the deal would substantially increase Bilspedition's profit per share. Analysts said Bilspedition might have to sell its 50 per cent stake in Infina, the finance company, to fund the deal.

### Sale of units helps Nedlloyd recovery

By Our Financial Staff

NEDLLOYD, THE Dutch shipping and transport group, has bounced back into the black in the first half of 1988, with net profits of Fl 52.3m (\$24.3m) against a loss of Fl 56m a year ago.

The company said the recovery was mainly due to extraordinary gains from the sale of subsidiary firms and lower depreciations. For the full year, Nedlloyd expects to report profits of at least twice the amount of the first half.

Nedlloyd also plans to pay a Fl 7 per share interim dividend in the first half of last year the group did not pay an interim dividend, and over 1987 as a whole Nedlloyd paid out a total dividend of Fl 7 per Fl 50 nominal share.

The company said: "Partly because of a few extraordinary gains we will take into account in the second half, we expect the net group profit for the second half to be more than dou-

ble the profit of the first half. We therefore maintain our forecast of at least Fl 30 profit per share." In 1987, the company had total earnings per share of Fl 20.65.

Yesterday's forecast excluded any financial gains on the partial sale of the Transavia airline unit to KLM/Royal Dutch Airlines but included gains from the partial divestment of other units.

Depreciation in the latest period amounted to Fl 172.3m against Fl 225m last year. In 1987, Nedlloyd wrote off about Fl 1m to adjust its fixed assets to lower dollar and replacement prices.

The write-off is currently the subject of court proceedings as the special public prosecutor has lodged a complaint. Nedlloyd said it had presented its results under the assumption it would not lose the court case and did not have to rewrite its 1987 annual results.

### Automatic Data soars

AUTOMATIC Data Processing, the largest independent computing services company in the US, has notched up record earnings for 1987-88 and expects current year per-share profits to increase by 15 per cent, writes our Financial Staff.

Profits for the year were \$170.3m or \$2.20 a share, against \$132m or \$1.75, on revenues of \$1.55bn against \$1.38bn a year earlier.

Fourth-quarter earnings were \$48.6m or 63 cents against \$40.1m or 52 cents, on revenues of \$398.2m against \$365.3m.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

18th August, 1988



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For the three months August 19, 1988 to November 21, 1988, the Notes will bear interest at 6 7/8% per annum. U.S. \$253.27 will be payable on November 21, 1988, per U.S. \$10,000 principal amount of Notes.

August 19, 1988

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August 19, 1988, London  
By Citibank, N.A. (CSSI Dept.), Agent Bank

**INTERNATIONAL COMPANIES AND FINANCE**

**Bayer first-half profits up by 20% on stronger sales**

By Haig Simonian in Frankfurt

GROUP pre-tax profits at Bayer, the West German chemicals group, rose by 20 per cent to DM1.86bn (\$974m) in the first half of this year from DM1.55bn in the corresponding 1987 period.

Sales at group level rose 6.2 per cent to DM20.2bn, against DM19.1bn a year earlier. Both profits and turnover in the second quarter reinforced the improvement already seen in the first quarter of this year, and the company expects results for 1988 as a whole to exceed the DM3.07bn in pre-tax profits it achieved last year, on sales of DM37.1bn.

Bayer's figures conclude the interim reports from Germany's big three chemical conglomerates, all of which have announced very substan-

tial increases in sales and profits. Group pre-tax profits at Hoechst rose by 30 per cent to DM1.94bn, while BASF's pre-tax earnings climbed by 18 per cent to DM1.71bn.

The reasons for the rise at Bayer were much the same as its two rivals, with increasing demand for its products matched by stable prices. The company said it expected the current positive trend to continue throughout the year thanks to favourable economic conditions around the world and high capacity utilisation levels.

Foreign sales at group level rose by 6.4 per cent to DM11.8bn, while domestic turnover increased by 5.4 per cent to DM8.4bn. Sales in Western Europe rose substantially, with

business developing "positively" in Latin America and the Far East, Bayer said. US sales rose only slightly in D-Mark terms, although the US business performed well when measured in dollars.

On a sectoral basis, the growth rate for polymers was above average, as was that for health products sold abroad. However, profits in the polymers division slipped slightly.

Sales of agricultural products, which have been depressed throughout the industry, improved, although profits only "stabilised," according to Bayer.

Meanwhile, Agfa-Gevaert, the photographic products and films subsidiary, reported somewhat lower earnings despite slightly higher sales.

**Jutland bank shows 72% leap in earnings**

By Hilary Barnes in Copenhagen

JYSKE BANK, the Jutland-based bank, yesterday announced a 72 per cent increase in first-half operating profits from Dkr156m to Dkr266m (\$39m). Group earnings rose from Dkr199m to Dkr359m.

The bank doubled earnings from foreign exchange business to Dkr108m, which it attributed to an increase in business with non-resident customers, a traditionally strong side of its operations.

A gain of Dkr122m was made on the value of the securities portfolio compared with a loss last year of Dkr80m. Jyske Bank, with a balance sheet total of Dkr52bn, is involved in a dispute with the Copenhagen Stock Exchange, which is considering whether to exclude the bank from the stock exchange list.

The problem has arisen because the bank changed its articles in the spring to restrict shareholders' rights, with the object of preventing a hostile takeover in the future.

Superfos, the Danish fertilizer, packing and building materials group, reported more than doubled first-half pre-tax profits of Dkr131m against Dkr61m a year ago. Turnover edged up from Dkr2.87bn to Dkr2.92bn.

**Dyno to widen foreign share ownership**

By Karen Fosell in Oslo

DYNO INDUSTRIER, the diversified Norwegian industrial group, announced plans yesterday to widen by one-third the foreign share ownership in the company, in an attempt to improve share liquidity outside Norway.

It also plans a listing with London's SEAQ International, the computer-based market for pricing stocks outside the London stock exchange.

To increase foreign ownership beyond 20 per cent in a Norwegian company, application must be made to Norway's Ministry of Business and Industry Affairs (Naeringsdepartementet). It considers applications on a case-by-case basis.

Dyno was granted approval by the authorities to increase its foreign share quota to 33.5 per cent from the 50.5 per cent already held by Norsk Hydro. Although it is Norway's largest publicly quoted company, it is considered foreign.

However, says that for now it will increase its foreign quota only to 33 per cent until the market demands further expansion.

It intends to tap the international capital markets to obtain risk capital at rates lower than it might expect from the domestic market.

**Asea Boveri claims growth**

By John Wicks in Zurich

FIRST-HALF RESULTS of Asea Boveri, the Swiss-Swedish engineering group, were "distinctly" better than 1987 figures, according to Mr Percy Barnevik, chief executive.

Since the company did not come into being until the start of this year, no comparable values are available. For 1987 as a whole, the former BCB Brown Boveri concern almost doubled its group profits to a "still insufficient" total of Sfr186m (\$116m), while net earnings of the former Asea went up 12 per cent to Sfr2.72bn (\$417m).

Addressing trade unionists from group companies in Berne, Mr Barnevik said ABB was planning acquisitions and added that these would be primarily in Europe.

You Roll, the Swiss-based engineering concern, expects higher turnover and a substantial rise in earnings this year, according to a letter to shareholders.

In calendar 1987 group sales had fallen by 1 per cent to Sfr1.33bn, while consolidated net profits rose from Sfr26m to Sfr34m.

**U.S.\$200,000,000 First Chicago Corporation Floating Rate Subordinated Notes due 1992**

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next interest period has been fixed at 8.7875% per annum. The Coupon Amount payable on the 21st November 1988 will be US\$229.45.

Manufacturers Hanover Limited  
Agent Bank

**Veba advances at six months**

By Our Financial Staff

VEBA, the West German energy and chemicals conglomerate, yesterday announced an increase in first-half group net profits from DM304m to DM335m (\$178m) and said it expects profits for 1988 to be at least as high as those for 1987.

Group turnover rose from DM19.5bn to DM21.4bn. The company said in an interim report that it expected further positive developments in the second half of 1988. Veba's group net profit rose to DM1.03bn in 1987 from DM976m the year before.

The company attributed the rise in first-half earnings mainly to a further improvement in profits from its chemical sector. Profit contributions from the electricity, trade, transport and services sectors again reached good levels, while its oil division improved

profits slightly. Veba gave no breakdown of its net profit by sector.

The rise in first-half chemical sales to DM4.1bn from DM2.47bn in the year-ago period was mainly due to the incorporation of the chemicals and plastics divisions of Dynamit Nobel, which Veba bought last year.

Sales from the Huels Troisdorf subsidiary, through which Veba bought Dynamit Nobel, were included in group figures for the first time from January 1 1988.

Higher demand for chemical products led to Huels producing at 88 per cent capacity in the first half of 1988, up from 82 per cent in the year-ago period.

Electricity deliveries fell 2.1 per cent to 35,822m kilowatt hours in the first six months of

1988 after a mild winter and lower demand from private households.

Crude oil production rose to 1.61m tonnes from 1.55m following an expansion of Libyan activities. Veba's refineries operated at 94 per cent production capacity in the first 1988 half. But oil turnover dropped to DM4.02bn from DM4.33bn due to currency factors.

Veba's investment in the first half was concentrated on environmental protection equipment for its electricity sector and on its chemicals activities. Oil division investment rose to DM176m from DM122m after the expansion of Libyan activities.

Analysts said the results fell in line with their expectations, and put Veba on track for up to 10 per cent higher net earnings in 1988.

**Modest improvement for SKF**

By Robert Taylor in Stockholm

SKF OF Sweden, one of the world's leading roller bearings makers, lifted first-half profits (after financial items) by just 2.5 per cent to SKr626m (\$90m), from SKr611m a year ago.

Group sales totalled SKr10.6bn, up 6.9 per cent from SKr9.9bn in the first half of 1987. SKF expects full-year profits after financial items to be in line with the first-half performance, but has not produced a specific forecast.

By just over 5 per cent in the 1988 first half to SKr8.87bn, but profits from bearings fell from SKr476m to SKr458m. Bearing sales in Western Europe, the group's most important market, had "developed favourably," but competitive price pressures were affecting its large volume orders.

Sales in the Asia/Pacific region were strong because of current favourable economic conditions, as well as SKF's strategy of concentrating its

sales efforts in that particular market, the group said.

Tools sales rose by just over 8 per cent over the year, from SKr588m to SKr638m, with the strongest increases coming from the US, Italian and Spanish markets.

There was a particularly strong improvement in the components systems division, where sales rose 21 per cent, from SKr1.17bn to SKr1.42bn, mainly due to strength in textile machinery components.

U.S. \$400,000,000



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London

**Pharmacia edges ahead**  
By Our Stockholm Correspondent


PHARMACIA, the Swedish biotechnology and pharmaceuticals group, lifted first-half profits after financial items by 5 per cent to SKr494m (\$99m), from SKr468m a year earlier.

Group sales rose 14 per cent to SKr3.25bn from SKr2.87bn. The company expects higher profits for the year.

Pharmacia said the lower dollar had hurt the company's performance in the US but this had been offset by a continuing positive trend in sales both in Japan and Western Europe.

The company enjoyed a 42 per cent growth in Japanese business, as expressed in Swedish kronor. Japan has become Pharmacia's best customer outside the US, even overtaking the Swedish home market.

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As of 30th July 1988, the principal amount of such Bonds remaining in circulation was

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Holders of the above Bonds are hereby notified that offers have been made by Acbrain No. 61 Pty Limited ("Acbrain"), to acquire the fully paid ordinary shares of A\$1.00 each in The Bell Group Ltd ("the shares") at a price of A\$2.70 per share. The closing price of the shares on the Australian Stock Exchange (Melbourne) Limited on the date of the offers was A\$2.63.

The offers will, unless withdrawn, remain open for the period commencing on 27th July, 1988, and ending at 6.00 p.m. (Perth, Western Australia Time) on 29th August, 1988, ("the Offer Period").

The offers are conditional upon a number of conditions.

The offers are only being made to holders of the shares registered, or entitled to be registered, in the register of members of The Bell Group Ltd at 8.00 a.m. (Perth, Western Australia Time) on the 27th July, 1988, other than the State Government Insurance Commission of Western Australia. Offers will not be extended to the holders of shares allotted or issued pursuant to the exercise by holders of the above Bonds of their conversion rights during the Offer Period.


The Bell Group Ltd  
The Forrest Centre  
221 St. George's Terrace  
Perth W.A. 6000

**U.S.\$200,000,000 First Chicago Corporation Floating Rate Subordinated Notes due 1992**

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next interest period has been fixed at 8.7875% per annum. The Coupon Amount payable on the 21st November 1988 will be US\$229.45.

Manufacturers Hanover Limited  
Agent Bank

NEW ISSUE This announcement appears as a matter of record only. August, 1988



**OSAKA UOICHIBA CO., LTD.**  
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**THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED**  
("Randfontein")  
(Registration No. 81/9025/100)  
(Incorporated in the Republic of South Africa)

**NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER ("HOLDERS")**

Further to the announcement advertised in the press on 29 July 1988, holders of Randfontein share warrants to bearer are advised that:

- Issues of shares in Barnato Exploration Limited (Registration No. 88/9375/106) ("Barnato") and Lindum Reefs Gold Mining Company Limited (Registration No. 88/9384/106) ("Lindum") in the ratio of 1 Barnato and 1 Lindum share for each Randfontein share held.
- In order to receive their entitlements, free of consideration, of Barnato and Lindum shares, holders should surrender coupon No. 105, together with a duly completed White Listing Form to Hill Samuel Registrars Limited, a Great Court Place, London SW1P 1PL.
- Right offer of shares in Barnato at 410 cents per share, in the ratio of 3 Barnato shares for each Randfontein share held and of shares in Lindum at 230 cents per share in the ratio of 2 Lindum shares for each Randfontein share held.

Holders who wish to obtain renounceable (full paid) letters of allocation, in respect of the Barnato and Lindum rights offers, should surrender coupon No. 109, together with a duly completed White Listing Form to Hill Samuel Registrars to the above address by close of business on Friday, 5 September 1988.

In order to accept the offer, holders should return their Letter(s) of Allocation, together with the amount payable (in South African currency) to Hill Samuel Registrars at the above address by 15:00 on Friday 16 September 1988.

Coupons not surrendered by 9 September 1988 will be of no further value.

The attention of holders is drawn to the announcement, published simultaneously with this announcement, which outlines the subject data in connection with the above issue and rights offers.

White and Buff Listing Forms may be obtained from Hill Samuel Registrars at the above address.

18th August, 1988.

**The Randfontein Estates Gold Mining Company, Witwatersrand, Limited**  
("Randfontein")  
(Registration number 81/9025/106)

**Barnato Exploration Limited**  
("Barnato")  
(Registration number 88/9375/106)

**Lindum Reefs Gold Mining Company Limited**  
("Lindum")  
(Registration number 88/9384/106)  
(All companies incorporated in Republic of South Africa)

Company announcement

Entitlement of members of Randfontein in the issue of shares in Barnato and Lindum, free of consideration, and proposed rights offers of shares in Barnato and Lindum to members of Randfontein

Further to the announcement on 29 July 1988, Barnato and Lindum announce that The Johannesburg Stock Exchange ("the JSE") has granted listings for the 6 113 553 shares in each of Barnato and Lindum which were allotted and issued directly by Barnato and Lindum to members of Randfontein on the basis of one Barnato and one Lindum share for every one Randfontein share held ("the entitlement issue"). In addition a listing has also been granted for the renounceable (full paid) letters of allocation ("letters"), pursuant to the rights offer to members of Randfontein of 18 340 639 shares in Barnato on the basis of 3 Barnato shares for each share held in Randfontein and of 12 227 106 shares in Lindum on the basis of 2 Lindum shares for each share held in Randfontein.

The 6 113 553 entitlement issue shares (fully paid), and the letters in each of Barnato and Lindum, will be listed on Monday, 22 August 1988. The letters will remain listed until Wednesday, 14 September 1988.

An application to list the shares (fully paid) of one cent each and the shares (full paid) is being made to the Council of The Stock Exchange, London ("the LSE").

Relevant dates

Record date - last day for members of Randfontein to register for the entitlement issue and for the rights offers - close of business on	Friday, 19 August
Listings of the entitlement issue shares in Barnato and Lindum commence on the JSE and the LSE	Monday, 22 August
Listings of the renounceable letters of allocation commence on the JSE	Monday, 22 August
Listings of the Barnato shares (full paid) and the Lindum shares (full paid) commence on the LSE	Monday, 22 August
Rights offers by Barnato and Lindum open. Circular to members of Randfontein and letters of allocation posted	Friday, 26 August
Last day for dealing in letters of allocation on the JSE	Wednesday, 14 September
Last day for splitting - in London by 15:00 (shares (full paid))	Wednesday, 14 September
-in Johannesburg by 14:30 (letters of allocation)	Thursday, 15 September
Listings of the shares of Barnato and of Lindum arising from the rights offers commence on the JSE	Thursday, 15 September
Last day of listings of the Barnato shares (full paid), and of the Lindum shares (full paid), on the LSE	Friday, 16 September
Rights offers close - last day for acceptances and payments to be made by 14:30 in Johannesburg and 15:00 in London	Friday, 16 September
Listings of the shares in Barnato (fully paid) and in Lindum (fully paid) arising from the rights offers commence on the LSE	Monday, 19 September
Last day for late postal acceptances in Johannesburg only by 14:30	Wednesday, 21 September
Barnato and Lindum share certificates posted on or before	Friday, 23 September

All times given are local times in the Republic of South Africa or the United Kingdom, as appropriate.

Transactions in Barnato and in Lindum shares, in terms of the rights offers, on Thursday, 15 September 1988 and Friday, 16 September 1988 will be for special settlement on the JSE on 27 September 1988.


Subject to the above, the Barnato and Lindum circulars, which will include the renounceable (full paid) letters of allocation and the Barnato and Lindum pre-listing statements, will be posted to members of Randfontein by Friday, 26 August 1988.

Holders of Randfontein ordinary share warrants to bearer

The attention of holders of Randfontein share warrants to bearer is drawn to the announcement published simultaneously with this announcement which outlines the procedures for obtaining entitlement shares and for participation in the rights offers.

Johannesburg  
18 August 1988

**YOKOHAMA ASIA LIMITED**  
(Incorporated in Hong Kong)  
U.S.\$100,000,000  
GUARANTEED FLOATING RATE NOTES DUE 1997



Unconditionally and irrevocably guaranteed by  
**THE BANK OF YOKOHAMA, LTD.**  
(Incorporated in Japan)

Notice is hereby given that the Rate of Interest for the interest period has been fixed at 8.9375% p.a. and that the interest payable on the relevant Interest Payment Date, November 21, 1988 against Coupon No. 13 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$233.37 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$5,834.20.

August 19, 1988, London  
By: Citibank, N.A. (CSI Dept.), Agent Bank **CITIBANK**

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

A fiery baptism for Pertamina's new head

John Murray Brown in Jakarta examines the problems facing Faisal Abda'oe

A little piece of history will be made in Jakarta today when Mr Faisal Abda'oe becomes the first civilian to head Pertamina, Indonesia's state-run oil monopoly.

His appointment as president-director, replacing General Abdul Rachman Ramly, ends two decades of military control and is seen as further evidence of Pertamina's improved housekeeping 14 years after it almost bankrupted the country with accumulated debts of \$10bn.

Mr Abda'oe's baptism will be nothing if not fiery. He takes over an enterprise hard-hit by low oil prices but committed to massive downstream investment, a move which could radically transform the company's finances.

Pertamina is in the throes of vital negotiations with foreign oil companies over the extension of existing exploration contracts. Meanwhile, foreign buyers of Indonesian crude are demanding discounts on quoted prices. Even long-term gas contracts face price reviews and possible rebates to take account of the currently depressed state of world energy markets.

Mr Abda'oe knows only too well the vicissitudes of the oil business. As Pertamina's finance director since 1981 he watched as Indonesia's annual oil earnings more than halved to around \$8bn as a result of low prices and output restrictions under the country's Opec quota.

Japanese to issue equity warrant Eurobonds again

By Our Euromarkets Staff

JAPAN'S FOUR largest securities firms informally agreed yesterday in a meeting in Tokyo to resume issuance of equity warrant Eurobonds after a three-week break.

Apparent investor appetite for the recent higher coupon deals has meant that eight to nine new issues totalling slightly over \$1.5bn are slated for the market in the next eight days. Today, a \$500m four-year equity warrant for Sumitomo Metal Industries is expected. It has already been trading in the grey market at 98.75/99.75 per cent.

However, the firms are said to be prepared, for the first time ever, to assign varying coupons to issues depending on the quality of the borrower and the size of the deal. Smaller issues for less well-known firms will likely carry coupons of over 5 per cent for a four-year maturity.

Lead manager of the Eurobond, Mizuho Young Weir, in a departure from general Eurobond practice, said it will allow co-lead and co-managers to name the amount of bonds they wish to receive, within prescribed limits. This way, firms are not forced to take more bonds than they know they can sell, which should reduce selling back to the lead manager via brokers.

Growth at Turner & Newall SA

By Our Johannesburg Correspondent

STRONG DEMAND for automotive components and the effect of acquisitions in 1987 have combined to lift the interim sales of Turner & Newall, the South African associate of Turner & Newall of the UK.

S African insurers raise profits

By Jim Jones in Johannesburg

TWO SOUTH African insurance groups report increased underwriting profits for the first half of 1988, but prospects for both in the rest of the year are somewhat clouded.

Tokyo to ease bond controls

By Ian Rodger in Tokyo

THE JAPANESE Ministry of Finance is easing its controls on Euroyen and Samurai bonds in a bid to stimulate new issues.

Strong first half result for HK-TVB

By Michael Murray in Hong Kong

HK-TVB, the Hong Kong television station controlled by Sir Run Run Shaw, yesterday reported pre-tax profits of HK\$290.5m (US\$31.1m) for the six months ended June 30, an increase of 24 per cent over the same period last year.

TOYO SUISAN Toyo Suisan Kaisha, Ltd. U.S. \$100,000,000 4 1/2 PER CENT. GUARANTEED NOTES DUE 1993 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF TOYO SUISAN KAISHA, LTD. The Mitsui Bank, Limited. The Nikko Securities Co., (Europe) Ltd.

Table with multiple columns: US DOLLAR STRAIGHTS, FOREIGN STRAIGHTS, EUROPEAN RATE, SWISS FRANK STRAIGHTS, and various bond listings with columns for Issue, Amount, Maturity, Yield, and Price.

UK COMPANY NEWS

**Specialeyes looks for USM quote as profits for year treble to £528,000**

SPECIAL EYES, retail optical chain, plans to join the Unlisted Securities Market through a placing, writes Clay Harris. At present, shares of the company, which was founded in 1985 under the Business Expansion Scheme, are dealt in under Rule 536(2). Specialeyes yesterday announced pre-tax profits of £528,000 for the 52 weeks to May 31, more than three times the £154,000 achieved in the previous year. Sales doubled to £3.2m. The group has 37 outlets, half of which are outside the Greater London area. The placing of 10 to 20 per cent of the company's enlarged share capital is expected to raise between £1.5m and £2m in new money, according to stockbroker Greg Middleton. At the last reported trade of 5p, Specialeyes was valued at £7.5m. The USM quote will not affect BES investors' tax relief so long as they continue to hold their shares for the required five years from the time of investment. The shares were originally offered at 27p.

**Cattle's rises 49%**

Substantially increased profits were achieved by Cattle's (Holdings) for the first half of 1988, and optimism is running high for the rest of the year. In the period, turnover rose 29 per cent to £94.9m (£83.4m) while the pre-tax profit surged 49 per cent to £3.01m (£2.0m). Earnings were at 3.25p (2.39p) per 10p share and the interim dividend is lifted to 1.25p (1p). The group operates in the financial services field, retail household goods, furniture and textiles, rents televisions and video recorders, and provides insurance broking and travel agency services. Trading in the second half had started extremely well in all areas of the group.

**F. Copson jumps**

With the main thrust continuing to come from the LCP acquisition, the transformed F. Copson group has turned in profits of £761,000 on turnover of £26.56m for the year ended April 30 1988. In the year 1986-87 group turnover was £7.25m and profit £112,000 after exceptional charges of £82,000. The turnover growth was backed up by improved margins. LCP Building Supplies (purchased in June 1987) kept up its strong performance. Other smaller acquisitions such as K&K Gordon and W.H. Horton had also traded well. Earnings were 8.11p (1.46p) per 5p share and the dividend is raised to 8p (1.75p).

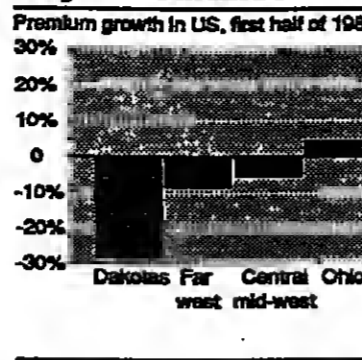
**Setback in US restricts Royal to £154m halfway**

By Nick Bunker

ROYAL INSURANCE, composite insurer, is still in the market to acquire desirable European insurance companies, despite the recent failure of merger discussions with France's Groupe Victoire. Senior Royal executives did not conceal their disappointment yesterday with the collapse of the Victoire talks as they reported a 3 per cent dip to £154m in pre-tax profits for the six months to June 30 - a downturn caused mainly by worsening results in the US.

With US premiums showing only 1.5 per cent growth, Royal's profits there fell sharply from £81.2m to £28.6m, reflecting underwriting losses of more than \$10m in Californian workers' compensation and poor results from its participation in compulsory insurance pools. In his first public comments since the Victoire deal foundered, Mr Alan Horsford, Royal chief executive, said it had been Royal's long-term goal since 1980 to grow in Europe. "Nothing has altered that," he said. Royal believes it cannot expand significantly in Europe in property/casualty insurance by organic growth, making acquisitions essential, but said there was little prospect of re-opening the Victoire talks. "Victoire was such a good fit strategically that it may be that we could revisit the situation - but circumstances would have to change," he said.

**Royal Insurance**



Royal shares closed steady on the day at 397p. The pre-tax profits and 15.2 per cent increase in the interim dividend to 9.5p were close to most City forecasts. Attempting to counter concern over the downturn in the US - where industry price-cutting started 12 months ago - Royal laid heavy stress on its build-up of UK life assurance-related financial services. Pre-tax profits at Royal Life Holdings grew from £20.5m to £22.1m.

UK. The US property/casualty scene is genuinely worrying: its pricing cycle is fast heading south while loss ratios rise sharply. Royal - as a commercial lines underwriter - can still get rate increases in states where it has very loyal independent agents: but on the premises it has to choose between cutting prices or losing business. And the nine per cent average rate increases achieved nationwide in workers' compensation do not keep pace with economic and judicial inflation and the need to strengthen prior years' reserves. Yet assuming £305m pre-tax for the year and a 22p dividend, Royal is yielding a prospective 7.4 per cent gross premium to the sector supporting the case that the market has over-discounted the US downturn.

**Britannia Arrow blunted to £15.7m**

By Andrew Hill

THE CHANGED investment climate since the October crash cut taxable profits at Britannia Arrow Holdings, fund management and financial services group, by 37 per cent to £15.7m in the half-year to June 30.

The group said last year's interim profits of £25.1m, achieved during the bull market, had been out of the ordinary. After-tax profits rose marginally thanks to an extraordinary profit of £9.03m on the sale of Britannia's stake in Drayton Japan Investment Trust. Most of the 22 per cent stake owned by BHM, the fund management subsidiary, was converted into units and then sold, following reconstruction of the trust in June. Lord Rippon, chairman, warned that the UK unit trust operation would return lower profits in the second half, because of the phased introduction of the Financial Services Act. Turnover, excluding banking and insurance, was down 35 per cent to £440m (£679m). Earnings per share dropped to 4.7p (7.9p) in the first half, but the company declared an unchanged interim dividend of 2.5p.

**All-round growth lifts AMEC 69% to £22m at midway**

By Andrew Taylor, Construction Correspondent

AMEC, construction, engineering and property group which yesterday announced the sale for £17.7m of Wentworth golf course, increased pre-tax profits by 69 per cent to £22.2m in the first six months of the year.

Turnover during the period rose by 49 per cent to £58.5m. The market reacted to the Wentworth disposal and the figures by marking the shares up 15p to 392p. The biggest contribution came from housebuilding and property development which more than trebled pre-tax profits to £10.8m. Property and housing sales rose from £28.5m to £86.7m. The housing figures, however, only included one month's benefit from the purchase in May of the remaining 50 per cent of Fairclough Homes. Mr Alan Cocksaw, chairman, said the mechanical and electrical engineering division had also performed well with profits up by just over a third to £4.3m. Sales were up a similar amount from £156.5 to £218.8m. Building and civil engineering profits, however, increased

by only 7.5 per cent to £7.1m, despite a 45 per cent rise in sales to £292.2m. Earnings per share of 22p compared with 13.2p last time. The interim dividend rises 32 per cent to 6.25p (4.75p).

COMMENT The sharp rise in AMEC's share price had more to do with the Wentworth sale and a higher than expected interim dividend than the strong advance in profits. Nonetheless, the results were better than some analysts had been expecting. Prospects for the second half look very good with profits due to be taken from two major property developments: Harbour Exchange in London's docklands and the business park at Wokingham. Housing will benefit further from the Fairclough Homes acquisition. The housebuilding side is expanding into new geographical areas - a move intended to underpin sales growth even if the housing market does flatten next year. Pre-tax profits of around £58m for the year would put the group on a fully diluted p/e of around 8.

**DIVIDENDS ANNOUNCED**

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aerospace Eng.	1.58p	1.3p	3.12	2.6p	
AMEC	6.25p	Dec 30	4.75	13	
Britannia Arrow	2.5p	Oct 24	2.5	5.5	
Cattle's Hldgs	1.25p	1	2.5	2.5	
Clarke (T)	0.84	0.84	3	3.21	
Copson (F)	3p	Oct 10	1.75	1.75	
Johnson Cleaners	5.2	Oct 6	4.3	18.6	
Newmark (Louie)	9.4	Oct 14	9	14.7	
Ratcliffe	0.5	0.5	1.25	1.25	
Rentokil Group	1.44	Nov 11	1.2	3.28	
Resort Hotels 5	0.05	Sept 27	0.05	0.05	
River/Merc Gear	1.2	Sept 30	1.1	5.5	
Royal Insurance	9.5p	Nov 11	8.25	19.25	

Dividends shown penny per share not except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock, §Unquoted stock, ¶Third market, †Carries scrip option.

**BOARD MEETINGS**

Company	Date	Time
ADM	Sept 7	
Cambridge Electronic	Sept 22	
Central Independent TV	Sept 22	
Great South	Sept 14	
Hertens	Sept 22	
ICI	Sept 22	
Price (Michael)	Sept 12	
Sun Alliance & London Ins.	Sept 7	
Pharm	Sept 29	
Advent	Sept 29	
Consolidated Plantations	Aug 30	

**Rentokil rises 38% to £22.9m**

By Andrew Hill

Rentokil pest control and environmental services business, reported pre-tax profits of £22.9m in the six months to June 30, a 38 per cent increase on the equivalent period last year. Environmental services contributed £19.8m (£14.5m) while property care profits rose to £3.05m (£2.01m).

Group turnover totalled £99.9m (£86.3m), with 49 per cent of business generated in the UK, 27 per cent in continental Europe and the balance in the US, Caribbean, Australasia, Africa and the Far East. At constant half-year exchange

rates pre-tax profits would have been £545,000 higher. Rentokil has now brought reporting of overseas accounts into line with the UK accounts, boosting overseas profits, which rose 56 per cent to £9.6m (£6.04m) in the first half. Earnings per share rose from 5.2p to 7.2p, and the interim dividend is set at 1.44p (1.2p).

COMMENT Accounting changes flattered Rentokil's interim performance slightly, but underlying growth still looks strong with the group at a well-deserved premium of about 38 per cent to the market. Some analysts

believe that gap could widen as more pedestrian stocks in the sector fail to sustain growth. Meanwhile, Rentokil is developing its interest in a variety of new areas, including office equipment, medical services, tropical plant rental and air conditioning maintenance (including prevention of Legionnaires' Disease and "sick building" syndrome). Full-year forecasts of £48m or £47m before tax suggest 20 per cent growth in profits can be sustained and surpassed. The shares were steady at 209p yesterday and look like a solid bet on a prospective multiple of about 14.

**Newman Tonks moves into lock market in Spain**

By Clay Harris

NEWMAN TONKS, the door and architectural supplies company, has bought a 31 per cent stake in Spain's largest lock maker for £5.2m cash. The acquisition, the group's first of a locks company in continental Europe, follows last month's purchase of J. Legge & Co, Britain's largest independent lock maker.

The Birmingham-based group also announced the sale of Peerless Plastics Packaging, a food packaging subsidiary, to a management-led buy-out for £15.1m in cash and £576,000 in deferred loan notes. The stake in the privately owned Spanish Tesa group, comprising Secotrasa and Talleres de Escorialaza, will give Newman Tonks its first locks foothold in Spain and France, and improve its position on the east coast of the US. Tesa will add two products to Newman Tonks's range: card-control access systems, primarily used in hotels, and knob locks.

The Tesa deal will increase Newman Tonks' share of the Spanish door-closer market, which is already above 50 per cent as a result of its purchase of Barcelona-based Telesco last year. Newman Tonks management will take over the running of Tesa's activities in the US. The two transactions announced yesterday will increase Newman Tonks' shareholders funds from £40m to about £58m and eliminate group borrowings.

**Aggressive Raine attacks Ruberoid**

Raine Industries yesterday accused Ruberoid, the roofing materials group for which it is bidding, of "misplaced optimism, weak excuses and haphazard management". The housebuilder and contractor issued an aggressive circular to Ruberoid's shareholders, outlining the details of its final offer - which values the company at about £126m - and expanding on Raine's original criticisms. The document invites shareholders to trace Ruberoid's "pedestrian" record in the company's own words, by extracting the comments of Mr Tom Kenny, Ruberoid chairman, from past annual reports and circulars. It also says Ruberoid's board structure, with one executive director, is inappropriate for a listed company with prospective turnover approaching £200m.

**BAT extends Farmers offer**

BAT Industries, the tobacco-based multinational now holding bid talks to Los Angeles with Farmers Group, US insurer, yesterday extended its 68p per share tender offer for the company until August 24, but left in place until tonight its proposal to raise the bid to 72p per share if Farmers agrees to a friendly deal.

**Benlox joins Chelsfield to buy golf club for £17.7m**

By Nikki Tait

CHELSEFIELD, the private property company headed by Mr Elliott Bernard, is teaming up with Benlox Holdings to buy Surrey-based Wentworth Golf Club from AMEC, construction group. Benlox is the small investment dealing and civil engineering business which last year bid for Storehouse and has been moving into property recently.

Wentworth is based at Virginia Water, and operates two 18-hole championship golf courses, with a third currently under construction. In 1987,

the club made a pre-tax profit of £485,000. Net book value of the assets at the year-end was £2.5m but, according to Benlox, this was based partly on a 1974 valuation. The purchase price is £17.7m, of which Chelsfield has already paid £10m to AMEC, with the balance due on October 12. Part of the agreement between Chelsfield and Benlox is still dependent on shareholder approval. However, the plan is for Benlox to subscribe an initial £2.5m towards a joint venture company, and then a further £8m by October.

**Main market debut for Tamaris**

Lifecare International, the nursing homes group which went into receivership in August 1986, returned to the stock market yesterday in the new guise of Tamaris. The re-named grouping is the product of a takeover of the Lifecare shell by Aims

Homes, a private company run by two former employees of American Medical International (Europe). Tamaris came to the market through an introduction by Parrish, the stockbrokers. Dealings opened at 61p and closed at 60p.

**INVESTING SUCCESSFULLY TO INCREASE SHAREHOLDER VALUE**

**THE FACTS**

In the quarter ended June 30, 1988, British Telecom:

- Increased turnover by 10.5% to £2.6 billion (£4.5 billion).
- Increased pre-tax profit by 7.4% to £610 million (£1,043 million).
- Increased earnings per ordinary share 11.0% to 6.5 pence (£0.65 per ADR).
- Achieved strong growth in most products and services. Domestic and international calls grew by 9 percent and 14 percent respectively over the past 12 months. Business access line demand was ahead by 9.8 percent and residential by 3.8 percent. And cellular telephone, private lines and Yellow Pages operations continued to expand rapidly.
- Maintained its drive to improve customer satisfaction.
- Invested £595 million (£1,017 million) in modernising its networks, introducing new services and improving customer support systems.

**THE FIGURES**

Financial Results for the first quarter to June 30 1988 (unaudited)

	First quarter 1988/89 £m	1987/88 £m
Turnover	2,632	2,381
Operating profit	691	640
Profit before tax	610	568
Profit after tax	393	361
Earnings per share	6.5p	5.8p

British Telecom is one of the world's largest telecommunications companies. Together with its subsidiary and related operations, it is playing an increased role in worldwide telecommunications and information services, and is strongly positioned to benefit from the growth in global demand for better communications.

If you have any enquiries as an investor, please write to: Hugh Merrill, Investor Relations Manager, British Telecom, 81 Newgate Street, London EC1A 7AJ, England. Telephone: +44 1 356 5386.

North American investors should contact: John Doherty, Vice President Financial Relations, British Telecom Inc., 150 East 52nd Street, New York, New York 10022. Telephone: (212) 319-1945.

**British TELECOM**  
Investing for growth

**BP Share Offer November 1987**

**Letters of Acceptance in the name of Guaranty Nominees Limited**

Payment of Second Instalment of 105 pence due on 30th August 1988

1. GUARANTY NOMINEES LIMITED of Morgan House, 1 Angel Court, London EC2R 7AE are aware that a number of letters of acceptance including their name as applicant are in the possession of third parties who did not apply for registration by the latest applicable date the 19th July 1988.
2. Accordingly Interim Certificates have now been issued to GUARANTY NOMINEES LIMITED and they will be required to make payment of the Second Instalment.
3. If anyone has such a letter of acceptance they should contact GUARANTY NOMINEES LIMITED attention Roy Gymer (telephone 01-555 3111 ext. 2179) to arrange with GUARANTY NOMINEES LIMITED the payment of the Second Instalment and associated costs and transfer to such person of the benefit of the Interim Certificate.
4. In the absence of persons entitled making satisfactory arrangements with GUARANTY NOMINEES LIMITED it is the intention of GUARANTY NOMINEES LIMITED to apply to the High Court for power to sell the shares registered in their name and hold the proceeds subject to deduction of the Second Instalment payment costs and expenses for the benefit of the persons entitled.

**Preliminary announcement of the results for the year ended 30th April 1988.**

- \* Turnover up 30.5% to £2,831,000
- \* Pre-tax profits up 47.6% to £524,000
- \* Net earnings per share up 45.2% to 1.51p
- \* Net assets per share 17.65p

"With its strong management team, the investment programmes of Coastal, Country and County companies maturing and the company's freedom to make acquisitions on its own behalf, your Board look forward to the future with confidence"

Richard Strong  
Chairman

A copy of the Report and Accounts will be available from, Resort Hotels PLC, Resort House, Clifton Mews, Clifton Hill, Brighton, East Sussex BN1 3HR.

UK COMPANY NEWS

# Drugs boost for Fisons as interim profits rise 13%

By Philip Coggan

INTERIM PRE-TAX profits at Fisons, pharmaceutical, scientific instrument and horticulture group, increased by 13.2 per cent from £44.6m in 1987 to £50.4m in the six months to June 30. The improvement was mainly due to the pharmaceutical division which increased its profits by 25 per cent to £24.1m (£27.1m).

Total sales were 3.5 per cent higher at £386.9m (£373.7m), although they were 12 per cent up in local currency terms.

After tax of £12.5m (£10.2m), earnings per share were 10 per cent higher at 7.7p (7p). The interim dividend is being increased 24 per cent to 1.5p (1.2p).

US sales of Intal, the group's asthma drug, increased by 44 per cent while those of the eye drug, Opticrom, rose by 53 per cent. Tilade, the group's new respiratory drug, continued to gain sales and is set to be launched in the German market next month.

The consumer health business increased its sales by 40 per cent with Sanatogen vitamins, Paracodol and the Radian range all performing well.

The horticulture division faced problems in the US, where the price of commodity peas fell by 20 per cent. Although there was strong progress in other sectors, prof-

its fell 94.4 per cent to £3.6m (£4.9m).

The scientific equipment division increased its profits by 8 per cent to £12m. CMS, the division's US distribution business, achieved a significant increase in sales, although this was not reflected in starting terms.

CEST, Milan-based gas chromatography company, saw its margins affected by fierce competition from US manufacturers exploiting the weaker dollar.

Operating profits for the group as a whole were £49.5m (£42.7m) and finance income was £1m (£1.5m).

See Lex

# Johnson Cleaners hits £7m

By Vanessa Houlder

CHANGING WEATHER conditions and the strong economy helped Johnson Group Cleaners, the largest drycleaning company in the UK and US, boost pre-tax profits by 38 per cent to £7m for the first six months of 1988.

The results also benefited from trading profits of £112,000 from property disposals and a saving of £300,000 due to a pension fund holiday. Excluding these figures, the underlying growth in profits was 27 per cent. Turnover increased by 11 per cent to £54.7m (£49.1m).

Mr Philip Ballom, chairman, said that the company was seeking organic growth for its UK drycleaning business, which has 25 per cent of the market, and growth by acquisition for its textile rental business and its drycleaning business in the US. In the highly fragmented US market, which is worth an estimated \$4bn (£2.36bn) and where Johnson completed the \$2.5m acquisition of Dryclean USA in June, it has sales of about \$40m.

Profit margins improved from 10.9 per cent to 12.1 per cent in the drycleaning business, which account for 70 per cent of sales, and from 15.4 per cent to 16.4 per cent in the textile rental business.

Turnover in the US increased by 11.4 per cent. But for adverse exchange rate movements, turnover would have grown by 25 per cent. Earnings per share increased by 30 per cent to 23.47p (18.01p). The interim dividend has been raised to 5.2p (4.2p).

# When reference sounds the knell

Nikki Tait on UK monopolies policy, especially on leveraged deals

Such and go was how one food industry observer described the possible reference to the Monopolies and Mergers Commission of Goodman Fielder Wattle's £1.7m bid for Banks Hovis McDougall earlier this week.

Bricks, sugar and bread, he noted, are notoriously sensitive.

So it has proved. Much to the City's surprise, the deal is to be scrutinised by the MMC and the bid itself will automatically lapse. A measure of the market's scepticism over the reference threat was swiftly apparent in movements in the share price yesterday: RHM shares, having stood just 15p adrift from the 465p offer price, plunged to 403p.

But, while there is no doubt relief in RHM's Windsor headquarters, what implications does Lord Young's decision have for monopolies policy? In particular, how - if at all - does it impinge on the theory of leveraged deals?

Yesterday, the DIT's explanation for the reference was relatively straightforward. It considered that there were "possible effects on competition, especially in the market for bread, arising out of the financing of the proposed acquisition, which deserve investigation by the Commission".

The financing of the deal has been much discussed. Goodman, in reply, pointed out that interest on two-thirds

shares. In addition, Goodman planned to refinance both companies' existing debt.

So total bank facilities of £2.05bn were arranged - a £1.1m seven-year loan, with interest at a maximum 1.5 per cent over LIBOR, and £950m through a revolving credit facility. A £140m rights issue and a £100m euroconvertible placing were also planned.

The pro forma balance sheet, according to the offer document, would then contain net borrowings of £1.95bn against shareholders' funds of £771.5m. The latter figure, it should be noted, assumes the inclusion of £1.8m of goodwill, but treats convertibles as debt. Gearing would be 250 per cent.

Unlike many leveraged bidders, Goodman made clear that it did not anticipate selling on major parts of its target. This gave RHM scope to attack the interest and repayment obligations. Its defence document pointed out that the annual interest cost - assuming a 12 per cent rate - would top £230m a year.

Repayments on the £1.1bn loan, meanwhile, were spread over the seven years, starting with 10 per cent in June 1989, and rising to 17.5 per cent in June 1995. "Goodman has not shown how it could meet its banking obligations whilst maintaining RHM's expenditure on capital investment and research and development," challenged the UK food group.

Goodman, in reply, pointed out that interest on two-thirds

of the acquisition debt was capped, and that cashflow - on fairly conservative assumptions - was more than adequate, leaving it sufficient funds to maintain research and development and capital expenditure.

Nevertheless, it appears to be the RHM argument combined with the structure of the British bread market which is being given as justification for the DIT decision.

Broker Henderson Crosthwaite reckons that annual bread sales - excluding morning goods - are around £2bn, of which RHM takes just under 50 per cent, and Associated British Foods package 35 per cent.

The question is whether a more financially-stretched RHM would remain an effective force in the industry. Competition is fierce, and ABF, the traditional price-setter, has chunky cash resources at present. Speculation that it would use the opportunity to grab market share has circulated.

In fact, as the MMC would no doubt consider, the position is not so simple, as words of one analyst suggest: "The check on ABF is effectively the independents." These are some 20-odd companies like Hereford-based Starbake or Jacksons in Hull, some of which are highly aggressive and, it is thought, are gaining share.

Even Mr Gerry Weston, ABF chairman, concedes that "there is a lot of competition apart from the two main groups". Even if RHM was weakened, would competition actually be weakened?

On the broader issue of the fate of large leveraged deals, there has now been the reference and clearance of the Elders D/I/assault on Allied-Lyons, the reference of Gulf Resources/IC Gas (the bidder then withdrew), and then green lights, without a reference, this year for Barker & Dobson/Dee Corporation, and Jacobs-Suchard's offer for Rowntree, both of which seemed to point to an increasingly permissive climate.

In theory, the Government's official position - that references should be on grounds of competition and not financing structure - is not contradicted by yesterday's decision. That said, if leverage is viewed as a possible dampener on a company's ability to compete, the waters are muddied somewhat.

More sceptical observers - especially those in the Goodman camp - might wonder whether the timing of the bid, so close after the Rowntree failure, may not also have become a political factor.

Whatever the truth in that, Goodman's decision over whether to press on does not seem easy. It remains committed to European expansion - having little additional scope at home - and, with an average purchase price of around 310p on its 104m shares, could still exit with a reasonable profit.

The alternative is a three-month slog - possibly subject to extension - with no guaranteed outcome.

It may be a long weekend, as the Australasians ponder their options.

# Scholes back-up for Wylex

George H Scholes, electrical engineer, has acquired Metron for a maximum £3.2m. It is also carrying through an internal restructuring and changing its name to Scholes Group.

Metron is a private company making specialised metal enclosures for use in the telecommunications, refrigeration, security and vending industries. In the year to April 30, it made pre-tax profits of £455,000 on turnover of £3.4m.

Scholes's Wylex subsidiary already makes metal enclosures, but Mr William Riches, finance director, explained that it needed additional facilities and a more cost effective integration of resources. Also, Metron techniques were more sophisticated.

The initial consideration of £2.74m is to be financed by the issue of shares to the vendors and by cash to be raised through placing new Scholes shares.

Two further profit-related payments, up to a maximum of £2.5m in shares, may become payable.

Under the restructuring, Scholes Group will become a holding company. Operations will be divided into two divisions - Wylex and Appleby.

Shares in Scholes closed unchanged yesterday at 480p; the new shares are being at placed 465p to raise £1.5m.

# Kunick £10m preference share issue

By Clare Pearson

KUNICK, health care and leisure group which joined the Unlisted Securities Market in January, is issuing £10m worth of convertible preference shares to pay for a London nursing home.

The purchase is in line with

its strategy of making Goldborough, the old people's homes and sheltered housing subsidiary, the main engine of growth for the group.

Goldborough accounted for about 16 per cent of operating profits in the half year.

The 10.3m convertible preference shares are to be offered at 21 each to existing shareholders on a one-for-10 basis. Fenimore Gordon is underwriting the placing. Directors will not be taking up their entitlements.

# Groupe AG may hold talks with Sun Life

By Nick Bunker and William Dawkins

GROUPE AG, leading Belgian insurance group, yesterday insisted that its 4.5 per cent stake in Sun Life Assurance, UK life insurer, was for investment purposes only.

But Mr Valere Croes, AG's managing director, said talks could take place with the UK company over possible co-operation to take advantage of the erosion of national trade barriers expected from the EC's creation of a free internal market.

Mr Peter Grant, Sun Life chairman, declined to comment on the AG shareholding, which was disclosed late on Wednesday. But he said he expects to make an announcement soon about Sun Life's own long-awaited proposals for international expansion, possibly including partnerships with continental insurers in the run-up to the creation by 1992 of a single European insurance market.

Since February, it has been known that Mr Grant has held talks with a number of foreign

insurance companies, including Toro Assicurazioni di Italy and UAP of France.

Mr Grant said yesterday: "I hope that we are getting near the end of the first phase of our international plans - and we will be making an announcement in perhaps a matter of weeks."

Asked whether the AG stake was linked to this, Mr Grant said that if he discussed the matter "it would only foment rumours."

AG already has fully owned subsidiaries in France and the Netherlands.

# Resort Hotels

Resort Hotels yesterday beat its forecast by revealing a 48 per cent expansion in taxable profits to £524,000 for the 12 months to end-April, on turnover up from £2.17m to £2.83m.

A maiden dividend of 0.05p is recommended for the year, payable from earnings of 1.51p (1.04p) per 10p share.

# Arthur Wood

Greater production efficiencies and the elimination of losses at Carlton Ware enabled Arthur Wood & Son (Conger) to lift its pre-tax profit from £87,000 to £159,000 for the first half of 1988.

Turnover of the group, which makes earthenware, was shown at £15.7m (£22m).

# Ratcliff (GB)

Ratcliff (Great Bridge) moved back into the black in the first half of the year. The taxable profit at this maker of brass and copper strip was £106,000 (loss £59,600) based on turnover raised to £21.43m (£16.69m).

The interim dividend is maintained at 0.5p.

# T Clarke jumps

T. Clarke, electrical engineer and contractor, jumped ahead in the first half of 1988, with turnover rising 41 per cent and profit 40 per cent.

Turnover came to £20.54m (£14.69m) and pre-tax profit to £253,000 (£252,000). Earnings were 5.217p (3.769p) and the interim dividend is 0.987p (0.838p).

# Newage ahead

Newage Transmissions, the USM-quoted maker of gearboxes and transmissions which is the subject of an agreed £12.2m bid from Williams Holdings, the acquisitive industrial conglomerate, lifted pre-tax profits for the first half of 1988 from £1.15m to £1.52m.

On the offer becoming fully unconditional an interim dividend of 1.2p (1p) will be declared.

# Yearlings

Yearling bonds totalling £4.5m at 11 1/2 per cent, redeemable on August 23 1989, have been issued by the following local authorities:

Kirklees Metropolitan Borough Council £2m; Central Scotland Water Development Board £1m; Derwentdale District Council £500,000; Swansea (City) £0.5m.

# Aerospace

Aerospace Engineering lifted pre-tax profits from £1.54m in 1987 to £2.31m in the year ended April. The final dividend is 1.56p for a total of 3.12p. That compared with a scrip adjusted 2.6p turnover rose 18 per cent to £17.65m (£14.9m).

# Macallan-Glenlivet 98.94% rights

Following the Macallan-Glenlivet rights issue of 1.98m ordinary at 65p per share, a total of 1.91m (96.94 per cent) were taken up. The balance has been sold in the market at 830p per share.

# Wolstenholme bid extended

Cookson Group, the specialist metals and chemicals manufacturer, yesterday extended its £28m bid for Wolstenholme Rink until 8pm on August 31. It did so as it announced acceptance from holders of just 18,912 Wolstenholme shares.

Mr Stanley Wright, chair-

# N. Midland Const.

For the six months ended June 30 North Midland Construction raised its profits from £155,000 to £201,000 at the pre-tax level.

Earnings rose to 4.64p (4.04p) per 10p share and the interim dividend goes up to 1p (0.9p).



# Interim Results

	Six months ended 30.6.88 £ million	Six months ended 30.6.87 £ million	12 months ended 31.12.87 £ million
Turnover	528.5	353.8	793.6
Profit before tax	22.2	13.1	34.5
Profit after tax	14.4	8.5	22.2
Earnings per share	22.0p	13.2p	34.5p
Dividends per share	6.25p	4.75p	13.0p

The interim dividend of 6.25p will be paid on 30 December 1988.

- AMEC Construction Services Ltd
- AMEC International Construction Ltd
- AMEC Projects Ltd
- AMEC Properties Ltd
- AMEC Regeneration Ltd
- AUST-AMEC Pty Ltd
- C V Buchan (Concrete) Ltd
- Denco Ltd
- Fairclough Building Ltd
- Fairclough Civil Engineering Ltd
- Fairclough Engineering Ltd
- Fairclough Homes Ltd
- Fairclough-Parkinson Mining Ltd
- Fairclough Scotland Ltd
- Fire Protection Industries Inc
- The Fisk Group Inc
- Metal and Pipeline Endurance Ltd
- Press Construction Ltd
- Press Offshore Ltd
- James Scott Ltd
- Robert Watson & Co (Constructional Engineers) Ltd
- Robert Watson & Co (Steelwork) Ltd

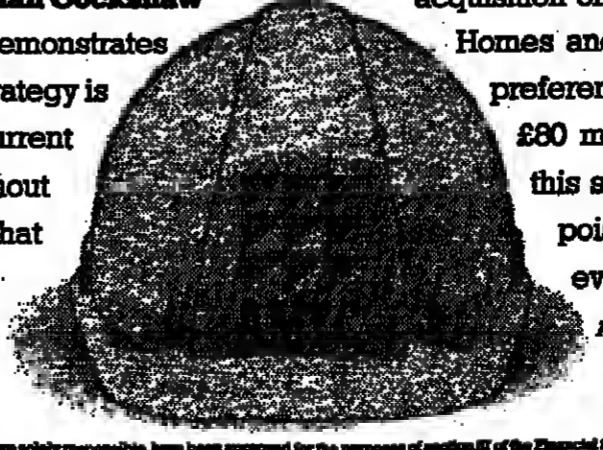
# IT ALL ADDS UP TO GROWTH

The chairman of AMEC p.l.c., Alan Cockshaw FEng, comments: The half year demonstrates that AMEC's carefully planned strategy is evolving satisfactorily. With the current workload at a record level throughout the group, the board is confident that this progress will be maintained.

This has been an eventful six months. The highlights were our

acquisition of the remaining 50% of Fairclough Homes and the rights issue of convertible preference shares which raised over £80 million of additional capital. With this stronger capital base we are now poised for the next phase of our evolution.

AMEC p.l.c. 14 South Andley Street, London W1Y 6DR.  
Telephone: 01-469 3856/829 1812. Telex: 286618.



## HAMPSON INDUSTRIES PLC

Engineering and Manufacturing: Industrial Cleaning, Maintenance and Allied Services

PRE-TAX PROFITS UP OVER 50%

Results to 31st March	1988	1987	%
Turnover	£43.0M	£31.5M	+36%
Profit before taxation	£4.27M	£2.82M	+51%
Dividend per share	1.650p	1.146p	+44%
Earnings per share	7.07p	5.01p	+41%

Extract from the Chairman's Statement:- All I really need to say is that it was a splendid year. I do not regard it as a flash in the pan, the potential for further growth is there to see.

The figures in the first quarter of the current year are exceptionally good. If this trend continues, which nobody can forecast in a very uncertain world, it should be another good year.

John Wardle

Copies of the Annual Report and Accounts can be obtained from the Secretary.

Hampson Court, 77 Birmingham Road, West Bromwich, West Midlands B70 6PY.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on intervention

INTERVENTION BY central banks left the dollar weaker on the day in Europe yesterday, but the currency showed a certain amount of resilience. A dealer in London said the market appears to regard the dollar as cheap in relation to where it has been. But his lack of confidence in the currency was illustrated when he added he did not believe it was cheap in relation to where it is going. The US Federal Reserve was reported to be a seller of dollars after European central banks entered into co-ordinated action to depress the dollar during the late morning.

The West German Bundesbank, Bank of England, Bank of France, Swiss National Bank, Austrian National Bank and Belgian National Bank were all reported to have sold the dollar on the open market. The Bank of Italy bought DMarks at the Milan fixing, but this may have been a move to buy the German currency at a depressed level, in order to increase reserves, at a time when the lira is at the bottom of the European Monetary System.

Trading is becoming increasingly nervous, as the market tries to assess the reason for the dollar's strength, following the recent disappointing trade figures. Speculation that rising US inflationary pressure will lead to higher interest rates is provided.

IN NEW YORK

Table with columns: Aug 18, Latent, Previous Close. Rows for US, 3 months, 12 months.

Table with columns: Aug 18, Previous. Rows for 8.00 am, 9.00 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

STERLING INDEX

Table with columns: Aug 18, Previous. Rows for 8.00 am, 9.00 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY RATES

Table with columns: Aug 18, Rate, Spread, Previous. Rows for Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: Aug 18, Bank of England, Movement, % Change. Rows for Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Aug 18, Rate, Movement, % Change. Rows for Argentina, Australia, Brazil, etc.

EXCHANGE CROSS RATES

Table with columns: Aug 18, Rate, Movement, % Change. Rows for £/\$, £/DM, £/Yen, etc.

MONEY MARKETS

Pressure eases

REACTION TO yesterday's economic data was muted on London's financial markets. Interest rates showed little movement, apart from an easing of longer term rates. Three-month interbank opened at 11 1/4-1 1/8 p.c., but had eased back to Wednesday's closing level of 11 1/4-1 1/8 p.c. before the banking figures were announced.

UK clearing bank base lending rate

Table with columns: Rate, Previous. Rows for 11 per cent, 9 months, 3 months, 1 month.

The central bank added £1.7bn in liquidity, through five-day special advances, at an unchanged 5.0 p.c., against an expiring facility of £1.05bn.

The draining of funds from the market was regarded as technical however, as credit conditions should improve within the next day or so, following recent moves by the authorities.

A new three-month credit quota will allow banks to draw a daily maximum of £1.7bn from the central bank, against £1.84bn under a previous agreement.

In addition, commercial banks must hold cash reserves of only £1.1bn in the coming month, against £1.26bn during the previous month.

Late assistance of around £15m was provided. The authorities did not intervene in the bill market.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £91m, with a rise in the note circulation absorbing £20m, and bank balances below target £15m. These factors were outweighed by Beesucher transactions adding £285m to liquidity.

FINANCIAL FUTURES

UK data lead to rally

SHORT STERLING futures rallied on the Life market yesterday, as pressure eased on London interest rates, following publication of UK economic news.

Long gilt futures were again little changed in quiet trading. The market was reasonably satisfied with the figures on UK money supply, bank lending and average earnings.

A rise of 8.9bn in July bank and building society lending was in line with City forecasts, and not quite as bad as some estimates, which by yesterday morning were ranging up to £10bn.

There was also satisfaction that the rise was because of known factors, such as strong mortgage demand, and that bank lending itself rose only £10bn.

66.8bn in July, compared with 66.4bn in June. Traders were also relieved that the underlying rate of average earnings remained at 8.5 p.c. in June, amid fears that the figure would rise to 8.75 p.c.

The market now awaits today's figures on July retail prices, for further guidance on inflation.

Estimated volume total, Calls 750 Puts 2200. Previous day's open: Calls 3094 Puts 3732.

Estimated volume total, Calls 104 Puts 282. Previous day's open: Calls 3197 Puts 282.

Estimated volume total, Calls 0 Puts 0. Previous day's open: Calls 19 Puts 134.

Estimated volume total, Calls 415 Puts 252. Previous day's open: Calls 2595 Puts 4147.

Estimated volume total, Calls 194 Puts 261. Previous day's open: Calls 261 Puts 261.

Estimated volume total, Calls 380 Puts 100. Previous day's open: Calls 380 Puts 100.

Estimated volume total, Calls 100 Puts 100. Previous day's open: Calls 100 Puts 100.

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Estimated volume total, Calls 100 Puts 100. Previous day's open: Calls 100 Puts 100.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Bid, Ask, Last, Stock. Rows for GOLD C, GOLD P, GOLD S, SILVER C, etc.

Table with columns: Series, Vol, Bid, Ask, Last, Stock. Rows for EDE Index C, EDE Index P, etc.

Table with columns: Series, Vol, Bid, Ask, Last, Stock. Rows for ABN C, ABN P, etc.

Table with columns: Series, Vol, Bid, Ask, Last, Stock. Rows for ABN Bank, Adion & Company, etc.

Table with columns: Series, Vol, Bid, Ask, Last, Stock. Rows for ABN Bank, Adion & Company, etc.

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Table with columns: Series, Vol, Bid, Ask, Last, Stock. Rows for ABN Bank, Adion & Company, etc.

Commercial Aviation to the End of the Century. The accelerating pace of expansion in commercial aviation worldwide and the impact this will have on all the existing facilities for the rest of this century will be the subject of the Financial Times latest conference to be held in London on 30, 31 August & 1 September, 1988 just before the Farnborough International Air Show.

- Jan van Bekkum... Selwyn Berson... Eugene Buckley... The Lord Brabazon of Tara... Eugene Buckley... Jack Cunningham... Dato Abdul Aziz Abdul Rahman... Gunter Eser... Sydney Gillibrand... John Hayhurst... Stuart Iddles... Lee Kapor... Jeff Marsh... Sir Colin Marshall... Jeremy Marshall... Roy McNulty... Jean-Robert Reznik... Phil Ruffles... Heinz Ruhnau... Matthew Scozcoza... Alan Snudden... Max Taylor... Gil Thompson... Ronald Woodard... Jim Worsham...

Commercial Aviation to the End of the Century. Please send me full details of the Commercial Aviation to the End of the Century conference. Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4LU. Tel: 01-925 2323. Fax: 01-925 2125.





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FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized into columns for company names, share prices, and performance metrics. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing FT Unit Trust Information Service data, including columns for Unit Price, Offer Price, Yield, and various fund names like Phoenix Assurance Co Ltd, Prudential Mutual Life Assn, and Royal Heritage Life Assurance Ltd.

MANAGEMENT SERVICES

David M. Aarons (Personal Fin. Plans) Ltd, The Analytic Group Plc, University Medical General Ltd, and other management service providers.

OFFSHORE AND OVERSEAS

Information regarding offshore and overseas investment opportunities, including details on various international funds and services.

UK LISTED

List of UK-listed investment funds and services, including details on fund names, prices, and yields.

OFFSHORE INSURANCES

Details of offshore insurance services, including various international insurance policies and providers.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various share funds and stocks with columns for Name, Price, Yield, and other financial metrics.

Table of Money Market Trust Funds listing various trust funds with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and other financial metrics.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and roads related stocks with columns for stock name, price, and other financial metrics.

CONTD

Continuation of building, timber, and roads related stocks with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemicals and plastics related stocks with columns for stock name, price, and other financial metrics.

ELECTRICALS

Table listing electrical related stocks with columns for stock name, price, and other financial metrics.

ENGINEERING - Contd

Continuation of engineering related stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and stores related stocks with columns for stock name, price, and other financial metrics.

ENGINEERING - Contd

Continuation of engineering related stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial (miscellaneous) related stocks with columns for stock name, price, and other financial metrics.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other related stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial (miscellaneous) related stocks with columns for stock name, price, and other financial metrics.

INSURANCES

Table listing insurance related stocks with columns for stock name, price, and other financial metrics.

HOTELS AND CATERERS

Table listing hotels and caterers related stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial (miscellaneous) related stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) related stocks with columns for stock name, price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit related stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads related stocks with columns for stock name, price, and other financial metrics.

ENGINEERING

Table listing engineering related stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) related stocks with columns for stock name, price, and other financial metrics.

LEISURE

Table listing leisure related stocks with columns for stock name, price, and other financial metrics.

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LONDON SHARE SERVICE

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LEISURE - Contd

Table of share prices for Leisure companies, including titles like Leisure, Leisure, Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies, including titles like Paper, Printing, Advertising, etc.

TEXTILES - Contd

Table of share prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies, including titles like Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies, including titles like Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of share prices for Mines companies, including titles like Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades companies, including titles like Motors, Aircraft Trades, Motors, Aircraft Trades, etc.

PROPERTY

Table of share prices for Property companies, including titles like Property, Property, Property, etc.

TOBACCO

Table of share prices for Tobacco companies, including titles like Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies, including titles like Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies, including titles like Overseas Traders, Overseas Traders, Overseas Traders, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles companies, including titles like Commercial Vehicles, Commercial Vehicles, Commercial Vehicles, etc.

Investment Trusts

Table of share prices for Investment Trusts companies, including titles like Investment Trusts, Investment Trusts, Investment Trusts, etc.

Finance, Land, etc

Table of share prices for Finance, Land, etc companies, including titles like Finance, Land, etc, Finance, Land, etc, Finance, Land, etc, etc.

PLANTATIONS

Table of share prices for Plantations companies, including titles like Plantations, Plantations, Plantations, etc.

Garages and Distributors

Table of share prices for Garages and Distributors companies, including titles like Garages and Distributors, Garages and Distributors, Garages and Distributors, etc.

SHIPPING

Table of share prices for Shipping companies, including titles like Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies, including titles like Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

TESTS

Table of share prices for Tests companies, including titles like Tests, Tests, Tests, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers companies, including titles like Newspapers, Publishers, Newspapers, Publishers, etc.

SOUTH AFRICANS

Table of share prices for South Africans companies, including titles like South Africans, South Africans, South Africans, etc.

TEXTILES

Table of share prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

Central Rand

Table of share prices for Central Rand companies, including titles like Central Rand, Central Rand, Central Rand, etc.

Eastern Rand

Table of share prices for Eastern Rand companies, including titles like Eastern Rand, Eastern Rand, Eastern Rand, etc.

Far West Rand

Table of share prices for Far West Rand companies, including titles like Far West Rand, Far West Rand, Far West Rand, etc.

O.F.S.

Table of share prices for O.F.S. companies, including titles like O.F.S., O.F.S., O.F.S., etc.

Diamond and Platinum

Table of share prices for Diamond and Platinum companies, including titles like Diamond and Platinum, Diamond and Platinum, Diamond and Platinum, etc.

Central African

Table of share prices for Central African companies, including titles like Central African, Central African, Central African, etc.

FINANCE

Table of share prices for Finance companies, including titles like Finance, Finance, Finance, etc.

OIL AND GAS

Table of share prices for Oil and Gas companies, including titles like Oil and Gas, Oil and Gas, Oil and Gas, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising companies, including titles like Paper, Printing, Advertising, Paper, Printing, Advertising, etc.

SHIPPING

Table of share prices for Shipping companies, including titles like Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies, including titles like Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

SOUTH AFRICANS

Table of share prices for South Africans companies, including titles like South Africans, South Africans, South Africans, etc.

TEXTILES

Table of share prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

SHIPPING

Table of share prices for Shipping companies, including titles like Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies, including titles like Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

SOUTH AFRICANS

Table of share prices for South Africans companies, including titles like South Africans, South Africans, South Africans, etc.

TEXTILES

Table of share prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies, including titles like Trusts, Finance, Land, Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies, including titles like Overseas Traders, Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of share prices for Plantations companies, including titles like Plantations, Plantations, Plantations, etc.

TESTS

Table of share prices for Tests companies, including titles like Tests, Tests, Tests, etc.

Central Rand

Table of share prices for Central Rand companies, including titles like Central Rand, Central Rand, Central Rand, etc.

Eastern Rand

Table of share prices for Eastern Rand companies, including titles like Eastern Rand, Eastern Rand, Eastern Rand, etc.

Far West Rand

Table of share prices for Far West Rand companies, including titles like Far West Rand, Far West Rand, Far West Rand, etc.

Tins

Table of share prices for Tins companies, including titles like Tins, Tins, Tins, etc.

Miscellaneous

Table of share prices for Miscellaneous companies, including titles like Miscellaneous, Miscellaneous, Miscellaneous, etc.

THIRD MARKET

Table of share prices for Third Market companies, including titles like Third Market, Third Market, Third Market, etc.

NOTES

Stock Exchange listing classifications are indicated to the right of the security names: A (Alpha) B (Beta) C (Gamma) D (Delta) E (Epsilon) F (Feta) G (Gamma) H (Eta) I (Iota) J (Jota) K (Kappa) L (Lambda) M (Mu) N (Nu) O (Omicron) P (Pi) Q (Rho) R (Rho) S (Sigma) T (Tau) U (Upsilon) V (Phi) W (Psi) X (Chi) Y (Psi) Z (Zeta) AA (Alpha) AB (Alpha Beta) AC (Alpha Gamma) AD (Alpha Delta) AE (Alpha Epsilon) AF (Alpha Feta) AG (Alpha Gamma) AH (Alpha Eta) AI (Alpha Iota) AJ (Alpha Jota) AK (Alpha Kappa) AL (Alpha Lambda) AM (Alpha Mu) AN (Alpha Nu) AO (Alpha Omicron) AP (Alpha Pi) AQ (Alpha Rho) AR (Alpha Rho) AS (Alpha Sigma) AT (Alpha Tau) AU (Alpha Upsilon) AV (Alpha Phi) AW (Alpha Psi) AX (Alpha Chi) AY (Alpha Psi) AZ (Alpha Zeta) BA (Beta Alpha) BB (Beta Beta) BC (Beta Gamma) BD (Beta Delta) BE (Beta Epsilon) BF (Beta Feta) BG (Beta Gamma) BH (Beta Eta) BI (Beta Iota) BJ (Beta Jota) BK (Beta Kappa) BL (Beta Lambda) BM (Beta Mu) BN (Beta Nu) BO (Beta Omicron) BP (Beta Pi) BQ (Beta Rho) 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Beta) OC (Omicron Gamma) OD (Omicron Delta) OE (Omicron Epsilon) OF (Omicron Feta) OG (Omicron Gamma) OH (Omicron Eta) OI (Omicron Iota) OJ (Omicron Jota) OK (Omicron Kappa) OL (Omicron Lambda) OM (Omicron Mu) ON (Omicron Nu) OO (Omicron Omicron) OP (Omicron Pi) OQ (Omicron Rho) OR (Omicron Rho) OS (Omicron Sigma) OT (Omicron Tau) OU (Omicron Upsilon) OV (Omicron Phi) OW (Omicron Psi) OX (Omicron Chi) OY (Omicron Psi) OZ (Omicron Zeta) PA (Pi Alpha) PB (Pi Beta) PC (Pi Gamma) PD (Pi Delta) PE (Pi Epsilon) PF (Pi Feta) PG (Pi Gamma) PH (Pi Eta) PI (Pi Iota) PJ (Pi Jota) PK (Pi Kappa) PL (Pi Lambda) PM (Pi Mu) PN (Pi Nu) PO (Pi Omicron) PP (Pi Pi) PQ (Pi Rho) PR (Pi Rho) PS (Pi Sigma) PT (Pi Tau) PU (Pi Upsilon) PV (Pi Phi) PW (Pi Psi) PX (Pi Chi) PY (Pi Psi) PZ (Pi Zeta) QA (Rho Alpha) QB (Rho Beta) QC (Rho Gamma) QD (Rho Delta) QE (Rho Epsilon) QF (Rho Feta) QG (Rho Gamma) QH (Rho Eta) QI (Rho Iota) QJ (Rho Jota) QK (Rho Kappa) QL (Rho Lambda) QM (Rho Mu) QN (Rho Nu) QO (Rho Omicron) 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REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks, including titles like Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options, including titles like Traditional Options, Traditional Options, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thursday August 18 1988, Wed Aug 17, Tue Aug 16, Mon Aug 15, Year Ago (approx). Rows include Capital Goods, Building Materials, Electricals, Electronics, Mechanical Engineering, Metals and Metal Forming, Motors, etc.

Table with columns: FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, Thu Aug 18, Wed Aug 17, Year Ago (approx.). Rows include British Government, 1-5 years, 5-15 years, etc.

RISES AND FALLS YESTERDAY

Table showing Rises and Falls Yesterday for various categories: British Funds, Corporations, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing LONDON RECENT ISSUES with columns: Issue, Amount, Latest Date, High, Low, Stock, Closing Price.

FIXED INTEREST STOCKS

Table listing FIXED INTEREST STOCKS with columns: Issue, Amount, Latest Date, High, Low, Stock, Closing Price.

RIGHTS OFFERS

Table listing RIGHTS OFFERS with columns: Issue, Amount, Latest Date, High, Low, Stock, Closing Price.

TRADITIONAL OPTIONS

Table listing TRADITIONAL OPTIONS with columns: Issue, Amount, Latest Date, High, Low, Stock, Closing Price.

LONDON TRADED OPTIONS

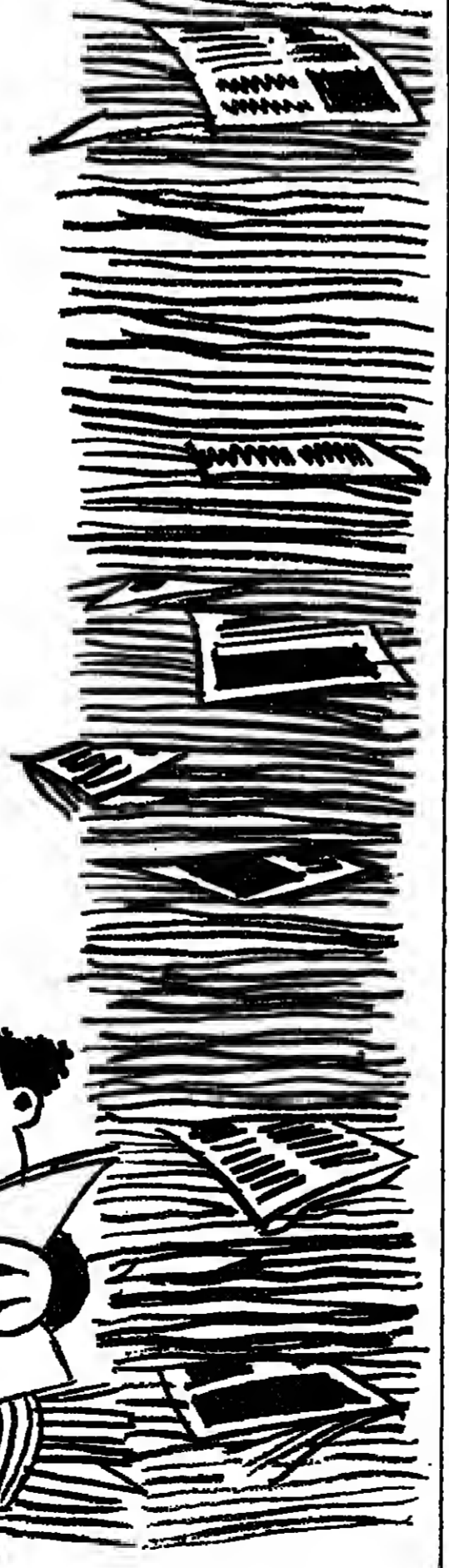
Large table listing LONDON TRADED OPTIONS with columns: Option, Calls, Puts, various dates and prices.

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GRANVILLE SPONSORED SECURITIES table listing various stocks and their prices.

MOBILE COMMUNICATIONS advertisement for a survey on mobile communications.

NOTICE TO NOTEHOLDERS OF ZIM ENERGY CORP. 7.5% CONVERTIBLE SUBORDINATED SERIES B NOTES DUE 2001.

RATCLIFFS (Great Bridge) PLC. INTERIM REPORT TO SHAREHOLDERS 1988. Includes financial data and Chairman's comments.

LONDON STOCK EXCHANGE

Markets steadier after economic data

A TRADING session laced with important developments on both the corporate and economic fronts failed to produce any great change in the direction of UK securities markets yesterday. Equities closed steady after moving narrowly in response to trading statements from such major companies as Fisons, British Telecommunications and Royal Insurance. There was also the official decision to refer the controversial £1.7bn bid for Ranks Hovis McDougall to the UK Monopolies Commission, a move with implications for recent takeover speculation in other UK brand name consumer companies. Government bonds also per-

formed well as a batch of economic data proved, "poor, but no worse than expected", as Mr John Sheppard of Warburg Securities expressed it. There was some disquiet over the 9 per cent gain in UK manufacturing wages in June which, taken in conjunction with the dip in July unemployment, fuelled inflation worries. The

25th gain in last month's bank lending figure, while discouraging, was inside the market's predicted range. Equities opened unsteadily and were quickly unsettled by the Ranks Hovis McDougall (RHM) bid referral, which drove RHM shares sharply downwards. Also attracting attention was the European Commission intervention in the takeover approach to Irish Distillers by a UK consortium, which appears to leave Grand Metropolitan alone as a prospective bidder. There came a \$165.5m cash call from Fisons. However, the broad range of the marketplace saw relatively minor losses, which were

extended only briefly on the money supply and bank lending announcement. Share prices rallied to trade around overnight levels before edging upwards as Wall Street opened firmly. At the close, the FT-SE index gained a gain of 3 points at 1833.9. Seag turnover of 335.2m shares was a shade below Wednesday's comparative figure but traders sensed an improvement in customer retail business. "Not a bad performance from a market which has taken aboard a long list of not particularly helpful news and economic data", commented one leading trader. There was little activity in

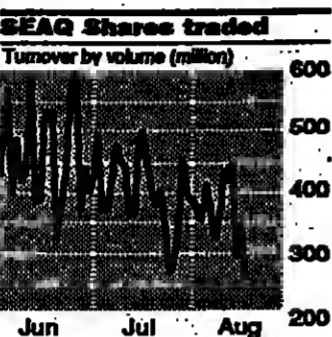
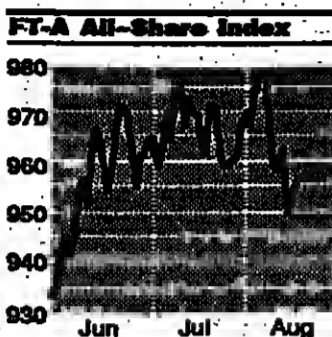
the international fine chips, however. Interest rate worries remained in the background, and equity traders kept a close eye on the London money market which continues to forecast another rise. Consolidated Goldfields provided one of the best features among the leading shares. There is, however, a spread of opinion on the stock in London, with at least one house taking a bearish view. Government bonds ended with gains of around 1/2 in the longer end, and rather less in the shorter. While retail business remains thin, there is a marked reluctance to sell stock in view of the lack of new supply in prospect.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices (Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.) and rows for Aug 18, Aug 17, Aug 16, Aug 15, Aug 12, Ago, Year, 1988, and Since Completion.

Sell-off in RHM shares

The decision to refer Goodman Fielder's £1.7bn bid for Ranks Hovis McDougall (RHM) to the UK Monopolies Commission surprised the stock market and shares in RHM plunged sharply, without waiting for Goodman's formal statement that its offer had lapsed. RHM shares fell 50p to 465p to a chorus of comments that "at best, the shares will be dead money for months, and at worst, may never see 465p again". "This isn't a Rowntree situation in the making", commented Julia Bannan of Robert Fleming Securities, the UK securities house. "However", she added, "the RHM management seem to have done a good job of convincing the institutions that they are running the company successfully anyway". Goodman's offer was highly leveraged and analysts conjecture that it will be forced to sell its 29.9 per cent RHM stake - the most recent purchases were made at 465p, and the market sees no new bidder waiting to step into Goodman's shoes. The wider question of the decision to refer the bid cast a cloud over other prospective bid situations involving UK companies operating in basic consumer products.



biggest so far in Fisons' history. S&N react sharply The RHM news stunned traders in Scottish & Newcastle (S&N), raised the question immediately whether a bid from Kilders XI would get similar treatment. The current strength of S&N shares owes much to speculation of the Anglo-Poleon group increasing its shareholding prior to making an offer and hopes faded slightly in the face of this uncertainty. Accountant and other short-term operators opted to realise recent gains and S&N shares fell sharply before steadying on signs that a buyer could be stepping up stock at the lower level. After a tentative bounce, however, the shares retreated again and the close was only just above the day's lowest at 367 1/2p, down 14p on the session. The market responded positively to the Base sale of Horizon Travel to the Thomson organisation for £75m. Faversham's interest improved, and the shares rose 13 to 78p behind favourable reactions from analysts such as Mr Kevin Feany, brewery sector researcher at Warburg Securities. He said: "The group has eliminated an area of market concern for a good price and retained the strong Spanish resort hotels, possibly the more profitable part, which are a better fit for existing businesses". The enforced break-up of the British consortium offer for Irish Distillers (ID) seems to have opened the door for a European fight for control of the distillery group. ID shares traded higher to 317p, up 27p, on assertions that the Takeover Panel would give Grand Metro-

politan the go-ahead to bid alone. A decision from the Panel was expected yesterday, but no statement was forthcoming. A bid from Grand Metropolitan of 320p for each ID share, compared with the consortium equivalent of 265p, was widely forecast by the financial press. But there was also speculation that French group Pernod-Ricard, confirmed to be the holder of a small stake in ID, was ready to counter, adding another dimension to the situation. Interest in Grand Metropolitan shares was also stimulated by the introduction of changes in accounting practices which include what the market sees as the first major valuation of brand name assets by a leading UK group. Some analysts suggested that this could be a preliminary move towards a bid for one of the other UK brand name target companies - inevitably Cadbury Schweppes name was mentioned. Sears attracted a huge traded option business and this, dealers said, was the trigger for another major turnover in the company's shares. More than 12m Sears changed hands in the latest display of break up/takeover speculation which drove the Sears share price up to 145p prior to a closing level of 144p, up 5 on 146p session. Among reports in the market yesterday was one that a bid-consortium had lined up some \$3.5bn worth of finance to launch a takeover for the retailing group which would allow for an offer well in excess of 200p a share. But there was also a certain amount of scepticism over the speculation. "There's a lot of hype in this, everyone is said to be building a stake in Sears", said one trader. The

Al-Fayed brothers already hold a stake of around 10 per cent in Sears, and it has been widely rumoured that Hanson may have been picking up a holding. The appointment of Mr Alan Warren, the insurance broker broker boosted Dewey shares to 124p and prompted another wave of speculative buying in merchant bank Morgan Grenfell, where Dewey has a 5 per cent plus stake and Willis Faber, where Dewey is known to have a holding of around 3 per cent. Morgan shares, exceptionally strong on Wednesday, jumped 6 more to 319p while Wernick's closed at 253p. Life assurances, marked up initially on the 5.5 per cent stake taken in Sun Life by Belgian insurance company Groupe AG, subsequently fell back before picking up towards the close. Sun Life, after comments by analysts that the Belgian stake should be regarded as an investment, settled 25 off at 129p. Prudential, a Kleinwort Greaveson "buy", rose 3 to 165p on a turnover of 4.5m inflated by an incorrectly inputted 8.5m trade which should have read 3,500 shares. Tamaris, the health care group, opened first-time dealings at 61p and improved to close at 62p. The company joined the main market through a complicated deal which involved the takeover of Lifecare International, a nursing homes operator. Overall conditions were relatively quiet, but once again Building issues produced several noteworthy movements. Among reports in the market a rise of 15 at 392p following the announcement of interim profits up from £13.1m to £22.2m, well in excess of most market expectations. Copson's preliminary figures, however, failed to excite the market and the shares fell 9 to 182p. British Telecommunications came to the day a fraction off at 27p, having slipped to 235 1/2p following the first-quarter figures which at £610m were in line with forecasts. The early fall in the shares was said to have reflected the sharp rise in numbers of employees at BT which prompted a cautious line from numerous analysts. GEC, where almost 10m changed hands, hardened 2 1/2

to 182p after strong support from one leading UK securities house. Ferranti, boosted by the latest MOD contract and the subject today of a major presentation in Scotland to analysts, edged up to 96p in its latest "Focus on Technology" County. NatWest Woodcraft rates Ferranti along with Cable & Wireless, its outstanding selection; improving fundamentals and the prospect of a bid for one of the majors mean we retain our strong stance", says the County electronics team. Rumours of imminent news on the five-week-long merger talks triggered good buying of BSR, up 5 at 90p. Smiths Industries eased 4 to 263p. Following a visit to the company BZW, the securities house, has downgraded its profits forecast for the current year from £10m to £9.7m and for the following year from £11m to £10m. At the same time BZW suggests that the group is in a period of consolidation and sees better value elsewhere. London buying was mainly responsible for an improvement of 8 to 489p in Renters, while dealers reported persistent sizeable demand for Trafalgar House, which advanced 6 further to 318p in a volume of some 2.5m shares. Cadbury-Schweppes slipped lower as some traders took a cautious view of bid prospects in the food sector following the Monopolies Commission reference of the offer for RHM. However, others pointed to Grand Metropolitan's balance sheet changes which some believed could prestage a major acquisition in the UK food sector. At 379p, Cadbury closed 5 off.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including BHP, British Telecom, GEC, etc., with columns for Stock, Value, Change, etc.

Fisons dip and rally

A heavy turnover built up in Fisons as the market digested the group's US expansion moves via the acquisition of the pharmaceutical division of Pennwalt for approximately \$27m. This was accompanied by a proposed rights issue to raise £165.5m net and the half-year figures. Fisons were marked down sharply at the outset and eased further to 285p before recovering to close only 7 off on balance at 244p. Volume amounted to some 12m shares. A number of analysts thought the acquisition expensive, but were quick to point out the more beneficial medium to long term elements of the deal. Hoare Govett, the securities house, is more optimistic about the short-term and reckons Fisons shares are undervalued. Fisons said it expects no dilution in earnings in the current year. The purchase has come at a time when the group would be expected to gear up for new drug sales in the US. Only last week, Fisons announced the acquisition of Halcobid SpA, an Italian pharmaceutical company. The Pennwalt deal is the

turnover of 6.6m: from Monday the "new" will be quoted ex-dividend and second installment paid. Cambrian & General Securities, renowned for the Ivan Boesky connection, went higher still on publicity about the recent build-up of US share stakes. The US Treasury has the former Boesky shareholder, but any proposal for liquidation of the company's assets would have to await the outcome of current US litigation. "This could be a long drawn out affair", said a leading marketmaker. Britannia Arrow edged better to 109p, the market having discounted the sharply lower interim profits because of the decline in unit trust activity post-Crash. Asset Trust were the only feature among miscel-

laneous financials, rising 7 to 89p after news that the Bincliff family of Jeddah were the ultimate holders of a 22.5 per cent stake. Turnover in Traded Options, contracted substantially to 20,276 made up of 13,080 calls and 7,196 puts. Sears were easily the most active issue in this market with 2,254 calls taken out and 137 puts. The calls comprised 1,116 in the September 120 series and 1,235 in the September 140 series. There were 137 puts in the stock. RHM showed 905 calls and 2,415 puts after the referral of the bid. Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 30

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COMMODITIES AND AGRICULTURE

Tokyo likely to admit foreign gold traders

By Stefan Wagstyl in Tokyo

FOREIGN GOLD-TRADING companies are likely to win admission to Tokyo Commodity Exchange for industry this year. The exchange, trying to internationalise its business, is considering allowing foreign companies to become associate members. They could be trading gold on the exchange, Japan's leading commodity-futures market, early next year. Yesterday the exchange said a final decision had not yet been taken but it was very likely admission-rules would be changed. The exchange's plans are supported by the Ministry of International Trade and Industry, which is keen to enhance the somewhat tarnished image of Japanese commodity exchanges. The Toyota Shoji affair, in which private investors lost money lodged with the Toyota Shoji trading company in 1985, still colours public views of commodity investment in Japan. However, Tokyo Commodity Exchange has been increasing its trading activity, notably by attracting the full participation last year of Mitsui, Sumitomo and Nishio Iwai, three premier trading companies. Several leading foreign companies have approached the exchange about membership. Among possible candidates are Credit Suisse, the Swiss bank, which says it is the only foreign company involved in the Japanese gold-bullion market. Other leading bullion traders, gold-refiners and assayers might also put their names forward. The Tokyo exchange started trading gold in 1982, followed by platinum two years later. Precious metals now account for about 80 per cent of its \$100m turnover. Gold-trading has grown in recent years, in spite of the sluggishness of prices, because of the huge expansion of Japanese imports of metal for jewellery and for investment. Gold turnover on the exchange doubled last year to 2.16m tonnes. This could well be exceeded this year, with the figure for the first seven months of the year reaching 1.35m tonnes. However, the exchange's growth has been hampered by the high level of commissions, at 77,800 a kilogram (about 0.4 per cent at the current gold price). Large-scale investors also worry about liquidity in the market, preferring to take positions in the bigger US markets. Leading gold-traders are Sumitomo, Mitsui, Marubeni, C. Itoh, Nishimura, all trading houses, and Tanaka Precious Metals, a gold specialist.

Grain estimates reduced again

By Richard Mooney

THE LONDON-BASED International Wheat Council has further cut its world grain-crop estimates in a special market report compiled to take account of this year's North American drought. The biggest cut is for coarse grains. The 1988-89 world total is now put at 718.2m tonnes, down from 768.7m tonnes in its regular report published on July 6. That itself was 31.5m tonnes below the figure being predicted a month earlier. For wheat, the council now sees a 1988-89 crop of 508.2m tonnes, down from 509.3m on July 6 and compared with a 1987-88 harvest of 513.4m. Two months ago it had forecast a world total of nearly 520m tonnes. The cut in the coarse grains figure is almost entirely due to reduced US output prospects. On July 6 the council estimate for 1988-89 was cut by 32.5m

tonnes to 185m tonnes. Now it is down to 133m tonnes. The forecast for Canadian coarse grains has been cut from 21.4m tonnes to 19m tonnes. The forecast for Canadian wheat output is reduced by a similar amount, from 20m tonnes last month to 17.5m tonnes, while the US figure has been cut by 1m tonnes to 49m. Dry weather has also caused a reduction in the Soviet crop estimate. This the council now puts at 21.4m tonnes, down 4m tonnes from the July report. However, its estimate for Soviet grain imports is unchanged at 26m tonnes. Outside North America, forecasts for several countries have been raised. Following this year's excellent monsoon the Indian estimate is lifted to 25.5m tonnes, from a previous estimate of 23.7m, and a drought-reduced 23.5m tonnes in 1987-88.

EC doubles cod quota around Greenland

By William Dawkins in Brussels

THE European Community's cod-fishing quota for the waters around Greenland for this year has been almost doubled, from the initial 4,000 tonnes to 7,000 tonnes, the European Commission said yesterday in Brussels. This will be good news for the UK deep-sea fishing-fleet, which was forced to stop fishing in the region a month ago because it had used up its share of the old EC quota for this year. West Germany's North Sea fleet will be main beneficiary. Traditionally, it takes the lion's share of the Community's Greenland cod quota, amounting to 3,075 tonnes of the initial 4,000-tonne allocation, the remaining 925 tonnes going to Britain. A commission official said the fishing region was the most valuable with which the EC negotiates quota accords. The change was made in agreement with Greenland after a regular scientific report in June showed the region's fish-stocks were higher than previously estimated. The quota takes immediate effect, provisionally, and lasts until the year's end. It is expected to be formally ratified next month at the next meeting of EC finance ministers.

Acreege boost for Malaysian cocoa

AN ADDITIONAL 40,000 hectares of cocoa trees will boost Malaysia's harvest of beans in 1987-88 (ending September 30), to 215,000 tonnes, the US agricultural counsellor's office in Kuala Lumpur said, reports Reuters. Output was 167,000 tonnes in 1986-87 when 34,000 ha of new plantations came into production. This year's higher output will come mainly from the larger plantation area, an official said. Malaysia, the largest cocoa-producer after Brazil and Ivory Coast, has a total 324,000 ha of cocoa estates. The counsellor's office estimated Malaysia would export 175,000 tonnes of cocoa beans in 1987-88, up from 135,000 tonnes in 1986-87. This year's cocoa crop has been quite good, thanks to favourable weather and the absence of pests which hit crops in previous years, the official said.

Ekofisk gas development poses dilemmas

Karen Fossli on Phillips Petroleum's plans to boost North Sea output

PHILLIPS PETROLEUM Company Norway has plans which could bring a substantial boost to gas recovery from the prolific Ekofisk fields, while posing difficult strategic questions about development plans for the Troll field. The company is a Norwegian subsidiary of Phillips Petroleum, based in Oklahoma. Ekofisk, comprising seven fields, is the oldest producing province on the Norwegian continental shelf. Phillips and its partners began oil and gas production from the first field in 1971. The seven fields together now account for more than 40 per cent of Norwegian gas output and 25 per cent of oil production. Phillips, because of the expected decline in oil output from the fields, implemented a secondary recovery programme in 1983, after a successful pilot programme. Water injected into the lower part of the northern two-thirds of the field should boost the amount of oil recoverable by more than 27m tonnes. Water injection started last year. Phillips, because of a second pilot-programme's success, decided last year to extend water-injection into the upper part of the reservoir and to extend it to the southern part. This is expected to boost recoverability by another 27m tonnes of oil-equivalent. The water-injection programme, combined with nitrogen-injection into the reservoir, would almost double the quantities of gas available from the field from the mid-1990s. Phillips is unlikely to decide on whether to implement the nitrogen injection programme before next year, after reservoir studies and investment analyses of the scheme are completed.

SOUTH-EAST ASIAN oil-producers meet in Bali tomorrow to try to co-ordinate policy at a time of uncertain crude prices, writes John Murray Brown in Jakarta. The meeting between the energy ministers of Indonesia, Malaysia and Brunei is part of wider co-operation between the countries of the Association of South-east Asian Nations, leading producers of crude oil, rubber, tin and palm oil. Indonesia is by far the largest oil-producer in the group, with output of 1.2m barrels a day, under its agreed quota with the Organisation of Petroleum Exporting Countries. Mr Glimandjar Kartasasmita, Indonesia's Energy Minister, this week said the meeting would look at ways to set up a co-ordinating forum. Last year Indonesia proposed to help co-ordinate supply within ASEAN but without success. Indonesia is committed to sell about half its crude output and more than 80 per cent of its gas to Japan, and is reluctant to lose market-share at a time Opec and non-Opec countries are using discounts aggressively. This is the latest bid by

through Norpipe from 1993, to develop Troll under the present timetable. If extra volumes of gas can be provided under the existing Ekofisk contract. The Ekofisk gas-sales contract is a field contract, meaning buyers are obliged to take delivery of all the gas Phillips can take from the reservoir. On the other hand, the Sleipner-Troll gas sales contract is binding under the present development schedule and is specific to the Sleipner and Troll fields. However, the Norwegian Government, which owns a direct 62.696 per cent stake in Troll - but because of the taxation scheme is actually taking about 50 per cent of the risk - could be tempted to postpone development of the field, until gas prices rise. This would appear an attractive option for the Government, which is struggling to revive an economy almost totally dependent on oil and gas revenue and hit hard by low oil prices in recent years. However, it remains to be seen how ending the prospect

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of extra quantities of Ekofisk gas is for continental buyers whose contract with Phillips expires in 1990. Ekofisk gas is priced slightly higher than Sleipner-Troll gas. Clients have the option of renewing the contract, allowing it to continue without renegotiation or cancelling it. However, questions raised by extra volumes of Ekofisk gas can only be answered by buyers, who will have to assess the economics of Ekofisk gas as against supply from Sleipner and Troll. While buyers have no contractual grounds on which to question extra supply of Ekofisk gas, they have yet to exercise options for extra supplies written into the Sleipner-Troll gas sales contracts. The buyers, because of the potential for extra gas supply from Ekofisk, are not likely to see the need to exercise the options. The dilemma is heightened by the suggestion that development of Sleipner and Troll may create a situation which could obstruct development of other Norwegian fields. It has been suggested that a clause in the Sleipner-Troll contract will not allow other Norwegian gas to be sold to any other buyers at a price undercutting that of Sleipner-Troll gas. It will therefore be difficult to develop new oil and condensate fields which require gas to be sold to a market saturated with sales at the present price level. Therefore, the Norwegian Government, to fill the same gas-contract volumes, may have to weigh the merits of developing fields which have high front-end investment costs, rather than developing low-cost small fields with condensate liquid and gas output combined.

Phillips sells Ekofisk gas to a consortium on the European continent comprising Ruhrgas of West Germany, Gasunie of The Netherlands and Gaz de France. The gas is transported through the Norpipe pipeline, operated by Phillips, and landed at Emden, West Germany. It was initially estimated that gas deliveries would fall to between 500m cu ft and 600m cu ft a day by the mid-1990s, from the current rate of about 1bn cu ft. Delivery quantities are nominated by the operator 18 months in advance of the start of the delivery year. However, buyers, to ensure deliveries to customers, must plan much further ahead, usually between three and five years. Therefore, if Phillips wanted to double deliveries to customers it may cause problems. Phillips's customers are also gas-customers of the Statoil-led group. This last year contracted to supply gas from Sleipner field in 1983 and Troll field from 1986, to meet their gas requirements after Ekofisk field gas-output declines. Statoil's deal calls for gas from Sleipner, to be moved

through Norpipe from 1993, to develop Troll under the present timetable. If extra volumes of gas can be provided under the existing Ekofisk contract. The Ekofisk gas-sales contract is a field contract, meaning buyers are obliged to take delivery of all the gas Phillips can take from the reservoir. On the other hand, the Sleipner-Troll gas sales contract is binding under the present development schedule and is specific to the Sleipner and Troll fields. However, the Norwegian Government, which owns a direct 62.696 per cent stake in Troll - but because of the taxation scheme is actually taking about 50 per cent of the risk - could be tempted to postpone development of the field, until gas prices rise. This would appear an attractive option for the Government, which is struggling to revive an economy almost totally dependent on oil and gas revenue and hit hard by low oil prices in recent years. However, it remains to be seen how ending the prospect

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CORRECTION

European Community farm support prices

IN AN article published on August 13 it was suggested that the prices the European Community guarantees to its farmers were 150 per cent higher on average than those prevailing on world markets, writes Bridget Bloom. The figures were taken from a table compiled by Britain's Ministry of Agriculture and were mistakenly interpreted by comparing the national world price for 11 commodities with the EC's threshold price. The threshold price is, of course, the barrier price which imports from third countries have to pay in order to enter Community markets. It is thus a guide to the degree of protection offered to Community producers against

imports. Threshold prices, particularly for grains, are currently considerably above the levels of prices paid to Community farmers. The principal way of calculating farmers' prices is to take the so-called buying-in price. This is the "safety-net" price at which member-states are obliged to buy in via their intervention agencies, commodities supported by the Common Agricultural Policy. This buying-in price can - with certain reservations, including the fact that farmers pay producer taxes on some farm-gate prices - then be compared with the world price. For example, at the turn of this year, according to the

Ministry of Agriculture's table, the threshold price for common or feed wheat was £173 a tonne, and the national world price was £51 a tonne. However, the buying-in price offered by the Intervention Board at that time was averaging £112 a tonne, suggesting farmers, even allowing for producer taxes, were receiving rather more than double the national world price. Officials point out that the figures for national world prices must be treated with caution, mainly because they are very difficult to determine with any accuracy given the high degree of subsidisation and other non-market arrangements characterising world

farm trade. That said, the gap between such world prices and the EC-supported wheat price has narrowed substantially over the past six months, largely due to a rise in world prices following the US drought. It is now about 10 per cent to 15 per cent, depending on quality of the wheat concerned. The gap between the prices of most other EC-supported commodities and the national world prices remains more substantial. For example, the threshold price for butter was £2,336 a tonne last month, compared with a buying-in price of up to £1,958 a tonne and a national world price of £641 a tonne.

Record sugar output forecast

RECORD WORLD sugar output of 107.1m tonnes is forecast for 1988-89 (September-August) in the first estimate for this season by C. Czarnikow, the London C. brokers' our Commodities Staff writes. That would be a 2.8m tonnes rise on the 1987-88 figure, now put at 104.27m tonnes, but with world consumption projected to rise from 107.4m tonnes to 108.2m it would still mean a substantial further cut in stocks. Czarnikow says in its monthly Sugar Review: "Already some producers can be seen to be responding to the higher prices which were reached for a short time this summer."

LONDON MARKETS

ZINC PRICES moved ahead again on the London Metal Exchange after dealers had digested Wednesday's news that the Peruvian miners' strike was over, and the expected astronomical of European producer price rises from \$1,200 to \$1,275 following Metallgesellschaft's lead. Buying interest emerged ahead of the US mint tender for 3.5m lb of high grade zinc, and further gains were registered after it became known that offers to the mint were at higher prices than had been expected. The cash LME price closed £8 up at £794 a tonne. Copper prices showed further signs of supply concern with the cash position gaining another £22.50 to £1,298.50 a tonne and widening its premium over three months metal from £2.50 to £13 a tonne. Coffee prices were firm

Table with columns: Commodity, Close, Previous, High/Low. Includes COCOA, COPPER, RUBBER, SUGAR, and SPICE MARKETS.

Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON METAL EXCHANGE (Aluminium, Zinc, Lead, Tin, Silver, Nickel, Magnesium, Zinc, Tin, Copper, Lead, Tin, Silver, Nickel, Magnesium).

Table with columns: Commodity, Close, Previous, High/Low. Includes SOYABEAN MEAL, LONDON BULLION MARKET, and FREIGHT FUTURES.

Table with columns: Commodity, Close, Previous, High/Low. Includes US MARKETS (SOYABEAN COMPLEX, COTTON, COFFEE, GOLD, PLATINUM, SILVER).

Table with columns: Commodity, Close, Previous, High/Low. Includes CHICAGO (SOYABEANS, SOYABEAN MEAL, MAIZE, WHEAT, CORN, SUGAR, COTTON, COTTON OIL, COTTONSEED, ORANGE JUICE, LIME, LIME JUICE, LIME OIL).

Table with columns: Commodity, Close, Previous, High/Low. Includes LONDON METAL EXCHANGE TRADED OPTIONS (Aluminium, Zinc, Lead, Tin, Copper, Lead, Tin, Silver, Nickel, Magnesium).

Table with columns: Commodity, Close, Previous, High/Low. Includes FRYING AND VEGETABLES (English Discovery apples, French Discovery apples, French Discovery apples).

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WORLD STOCK MARKETS

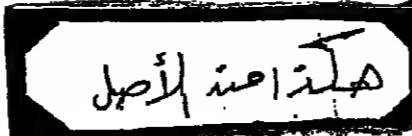


Table of world stock markets including sections for Australia, Canada, Germany, France, Japan, and various international indices. Each section lists stock prices and changes for various companies and indices.

Table of Canadian stock markets including Toronto and Montreal. It lists closing prices for August 17 and 18, with columns for stock names, prices, and changes.

OVER-THE-COUNTER

Table of over-the-counter market data, including Nasdaq national market and 2pm prices for August 18. It lists various stocks and their prices.

Advertisement for 'Travelling by air on business?' featuring British Airways, British Midland, Canadian Pacific Air, KLM, and other airlines. It promotes financial times as a complimentary service for business travelers.

Large advertisement for 'Have your F.T. hand delivered in France' and 'Have your F.T. hand delivered every morning in Switzerland'. It promotes the 12 free issues and a centenary gift for subscribers, along with contact information for Financial Times.

Table of financial indices including Dow Jones, Nikkei, and various regional indices. It provides data for August 1988, including high and low values and percentage changes.

3pm prices August 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like 'High', 'Low', 'Open', 'Close', 'Prev. Close', and 'Change'. Includes various stock symbols and their corresponding price movements.

Continued on Page 35

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NYSE COMPOSITE PRICES

Main table of NYSE Composite Prices, listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices, listing stocks traded on the American Stock Exchange.

OVER-THE-COUNTER

Table of Over-the-Counter prices, listing various stocks and their market prices.

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AMERICA

Dow rises in face of falling dollar

Wall Street

TRADING remained very quiet in both bond and equity markets yesterday as investors contemplated confusion over the outlook for economic growth, inflation and interest rates, writes James Bush in New York.

Following the extreme volatility in financial markets on Tuesday after the release of the June trade figures, there has been little direction and activity has been light.

At 3pm, the Dow Jones Industrial Average stood 8.18 points higher at 2,084.14 on low volume of 63m shares.

US Treasury bond prices were mixed at mid-session with short-dated maturities slightly under pressure, but longer-dated issues were up as much as 1/2 point. The yield on the

benchmark long bond was 9.40 per cent at mid-session.

Fed Funds traded at 8 1/2 per cent at mid-session, towards the lower end of what many bond dealers believe is the Federal Reserve's new target range.

Again, the focus was on events in the foreign exchange market where the dollar fell sharply from its highs. At mid-session, the US currency was quoted at Y133.30 compared with an earlier peak of Y134.10 and at DM1.8935 from DM1.9155 earlier.

The US Federal Reserve and the Bundesbank intervened against the dollar for a second day, and were joined by the Bank of France and the Swiss National Bank. The Bank of England was also reported to have been in the market selling dollars for sterling.

The intervention was obviously designed to have maxi-

mum impact on the dollar, which had already started falling on remarks in a West German newspaper by Mr William Verity, US Commerce Secretary, who said that a lower dollar against the D-Mark would be positive. He said that a dollar at DM1.90 would be positive for the US and for the world economy as a whole.

The fall in the dollar did not seem to undermine stocks and bonds, which stagnated amid widespread indecision.

Among featured stocks was Pennwalt, which rose 2 1/2% to 34 1/2 after announcing it was selling its pharmaceutical operations to Fisons of the UK for \$450m. There have been rumours recently that Pennwalt may be a takeover target.

Armtak jumped 1 1/2% to \$45 after news that Mark IV industries had sweetened its bid to \$44 a share, up from \$40. Ar-

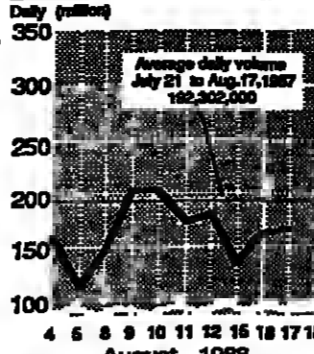
tek refused the previous tender offer on Wednesday. Mark IV was unchanged at \$10 1/2.

Upjohn added 1/4% to \$32 1/2. The Food and Drug Administration has given the company final approval to market Rogaine, an anti-baldness drug. It will be available on prescription within four to six weeks.

Goodyear Tire & Rubber added 2 1/2% to \$39 1/2. There were reports that Mr Robert Weaver, chairman of Exxon, had said his company might lead a consortium which would buy Goodyear's All American pipeline. Exxon was unchanged at \$49 1/2.

Among most active, Laidlaw class B rose 3 1/2% to \$17 1/2 in over-the-counter

NYSE Volume



trading as a result of negative remarks about the company by a broker.

Canada

BASE metals and energy issues led a narrow advance in Toronto by mid-session. The composite index gained 6.1 to 3,271.5 on light turnover of 9.5m shares.

Among most active, Laidlaw class B rose 3 1/2% to \$17 1/2 in over-the-counter

EUROPE

Investors keep one eye on nervous currency markets

London

A RUSH of news and announcements kept traders busy and the FT-SE 100 index closed 3 points higher at 1,823.3.

Economic data were no worse than expected, but the withdrawal of the Goodman Fielder bid for Banks Hovis McDougall was a surprise and RHM shares fell 50p to 465p.

group Vebs, with first-half profits up 10 per cent as expected, added DM1 to DM239.

Bonds were fixed lower, and the yield on the Federal 1988 6 1/2 per cent rose to 6.88 per cent from 6.81 per cent.

MILAN attracted foreign demand for banking and telecommunications stocks and closed firmer, with the Comit index up 1.06 to 582.64.

Volume shrank, however, following its high level earlier in the week.

Banca Commerciale rose 1 1/2 to L2,605. Mediobanca put on L240 to L20,040 and BNA picked up L50 to L7,350. Foreign banks are rumoured to be building stakes in Italian banking groups with a view to forming alliances at some stage.

Generale, the country's largest insurance group, closed at L22,100, a rise of L7,350. Foreign banks are rumoured to be building stakes in Italian banking groups with a view to forming alliances at some stage.

Among companies reporting improved interim earnings were recent laggard Skis, Rosignol, up FFr34, or 3.4 per cent, at FFr1,024, Agence Havas, up FFr1,084, and Chargeurs, FFr14 higher at FFr1,072.

FRANKFURT lost ground on profit-taking after a rise of 2 per cent on Wednesday, with some position squaring before the weekend.

The session started mixed and shares at midday were up slightly with the FAZ index 2.3% stronger at 457.26. The closing DAX index was off 0.25 at 1,173.93 and turnover in German shares reached DM2.2m.

Chemicals group Bayer came in with good results, but the market's mood prevented a rise in the share price. Interim profits were up 30 per cent with record group profits forecast for the year, but the stock fell 40 pf to DM293.60. Utilities

Paris

PARIS ended slightly higher in low volumes, with a rash of corporate results adding interest to a market preoccupied largely with currencies.

The opening CAC index was 2.1 higher at 381.2 and the OMF 30 index, calculated at the close, was up 0.35 to 351. Volume was estimated at around FFr900m worth of shares.

News that domestic inflation is expected to hold at about 2.5 to 3 per cent this year provided some relief on the interest rate front. "Ead the news had been there would have been upward pressure on interest rates," said one analyst.

Speculative stock Societe Generale saw heavy trading again, rising FFr6.30 to FFr394.30. Pernod, rumoured to be seeking ties with Ichni Distillers, was also active, adding FFr12 to FFr1,084.

Among companies reporting improved interim earnings were recent laggard Skis, Rosignol, up FFr34, or 3.4 per cent, at FFr1,024, Agence Havas, up FFr1,084, and Chargeurs, FFr14 higher at FFr1,072.

SINGAPORE closed sharply lower for the seventh consecutive session as sustained selling and profit-taking sent the Straits Times industrial index down 23.90 to 1,096.37. The index has dropped 81.50 since August 8's post-crash high.

Investors were reluctant to take positions following news that a general election will be held on September 3.

AMSTERDAM was subdued by worldwide interest rate worries and a general lack of interest. The CSE all-share index closed up 0.4 at 97.8, after peaking at 98.1 mid-morning.

Trading was suspended in Nedlloyd about 45 minutes before closing after the release of its first-half results. The stock was slightly higher at F1 288 when suspended, having peaked at F1 241.50.

Blue chips ended mixed, with market leader Royal Dutch 50 cents down at F1 235. Hamer Douglas continued its

good run after recent figures, gaining F1 2.1 to F1 67.5.

Bourse officials again intervened in the market, scrapping all of yesterday's trading in technical engineering company GYI Holding. GYI's 1988 first half results published during the trading had not been available to all market players at the same time. GYI closed at F1 116 on Wednesday.

The move was greeted with surprise by dealers who said that trading in GYI had been so minimal that there was little chance of insider dealing.

STRACH lacked direction, with limited profit-taking largely offset by the impact of the firmer dollar. Interest focused again on smaller banks and insurers, while selected shares on vague rumours of possible takeovers.

The Credit Suisse all-share index closed off 1.4 at 471.7. Leading banks were generally slightly lower, with Union Bank lenders SFR20 down at SFR2.5m. Credit Suisse bears shed SFR15 to SFR2,550.

While some smaller insurance companies posted strong gains, blue chips closed slightly below the previous day's levels. Windmill bearers fell SFR50 to SFR5,200. Zurich bearers lost SFR75 to SFR5,675.

BRUSSELS saw low volumes following the previous day's hesitant session on Wall Street and closed slightly lower, with some companies attracting above-average demand were utility Intercom, down BFR15 at BFR3,145, and holding company Tractebel, off BFR50 at BFR7,700 with about 5,000 shares traded.

Group AG, the life insurance company, declined BFR100 to BFR7,700 after its purchase on Wednesday of a 5% per cent stake in Sun Life Assurance of the UK.

STOCKHOLM enjoyed moderate active trading, finishing higher amid strong buying interest in spite of some uncertainty about future trends.

Medical equipment company Gambro was heavily traded after rumours that minority share-owner Cardo would make a full takeover bid. The rumours were later officially denied by Cardo, which is 46.9 per cent controlled by Volvo. Gambro free Bs closed SK7 up at SKR121.

ASIA PACIFIC

Asset-backed issues gain as caution sets in

Tokyo

LACK of investor confidence led to sharp fluctuations in share prices in Tokyo yesterday, and by the end of the day equities had lost ground, writes Michio Nakamoto in Tokyo.

The Nikkei Average, which rose by as much as 144 points in early trading, closed 49.50 down at 28,129.36. The high of the day was 28,323.02 with a low of 28,130.76.

Volume at 782.72m shares was somewhat weaker than Wednesday's 897.43m shares.

Japanese stocks traded in London slipped a little further, with the ISB/Nikkei index down 2.88 from the Tokyo close at 1,658.64.

Investors in Tokyo were concerned at the lack of direction from Wall Street, remaining cautious until they could detect a trend there, analysts said. They were reluctant to take long-term positions in the market, and instead seeking short-term profits.

Asset-backed issues were

again actively sought in Tokyo.

Buying focused on shares of companies that own property in the China area, south-east of Tokyo. Among those, Keisei Electric Railway, which registered a maximum allowable single-day gain on Wednesday, rose Y150 to another record high of Y9,000, before profit-taking dragged shares back to their opening price of Y2,850.

Mitsui Real Estate advanced Y50 to Y2,380. Both Keisei and Mitsui Real Estate are large shareholders of Oriental Land, which operates Tokyo Disneyland, and have been attracting buying interest on speculation that Oriental Land will be listed on the Tokyo Stock Exchange within a year or two.

Steels generally declined on reports that the nearby steel-traded Y3 to Y788 as 74m shares changed hands, while Nippon Steel declined Y10 to Y738.

Nippon Express, the largest integrated transporter in the market, advanced Y1.40 to Y1,450 as 6m shares were traded. Nippon has substantial prop-

erty assets around Japan's railway stations.

Sumitomo Heavy Industries drew interest partly on renewed stories that it had developed technology for a superconductive, high-speed vessel, and also on the basis of its project to develop leisure facilities at its former plant site in Yokosuka, south of Tokyo. Sumitomo Heavy gained Y17 to Y787.

The bond market in Tokyo was slightly firmer. The yield on the benchmark 10th government bond closed at 5.150 per cent in large-lot trading. Buying of the benchmark bond was active as dealers responded favourably to the half of the yen's weakening to the dollar.

Profit-taking dominated in moderate trading on the Osaka Securities Exchange. Volume was 59.9m shares and the OSE 200 index rose 39.19 to 27,210.37. Casio was sought, as in Tokyo, and rose Y200 to Y1,450.

Roundup

LOCAL factors reasserted themselves after the recent dominance of US economic news. The result was a mixed performance in Asia Pacific exchanges.

AUSYRALLIA saw strong demand for leading banks, closing sharply higher. The banking sector soared as the market absorbed rumours concerning changes to banks' capital ratios to be announced in Tuesday's federal budget.

The All Ordinaries index rose 23, or 1.4 per cent, to 1,631.1. Australia was 102.46m shares worth AS174.62m.

National Australia Bank saw 3.5m shares traded as its price rose to 34 cents to \$6.62. Westpac climbed 28 cents to AS7.04 on just over 2m shares.

Bond Corp rose 5 cents to AS2.10 after directors of Bell Group, steady at AS2.58, recommended Bond's takeover bid of AS2.70 a share.

HONG KONG was hit by a lack of demand, with the Hang

Seng index ending 23.25 lower at 2,571.41. Turnover totalled HK\$974m, up from HK\$909m. Domestic investors retreated to the sidelines after early profit-taking, while fund managers focused on blue chips.

The local interim reporting period beginning next week is expected to bring fresh impetus to the market. Paul Y, suspended since last week, topped the active list and closed at HK\$3.20 against HK\$2.10 on August 10.

Three companies announced results - Green Island ended 10 cents lower at HK\$17.70. Sme Darby was off 2 1/2 cents at HK\$2.10 while Ka Wah Bank held at HK\$1.82.

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Firm economy invigorates Seoul

South Korea's stock market is growing rapidly on the back of the country's economic strength, and is now the fourth largest in Asia with a market capitalisation of \$58bn, just \$12m behind Hong Kong.

The country's export-led economy is forecast to grow by at least 10 per cent this year.

MARKET PROFILE

Table with columns for Country, Index, and Change. Includes South Korea, Hong Kong, Japan, etc.

and that, combined with good domestic liquidity, has helped boost the stock market's value by over 40 per cent in the past six months.

Assuming political stability continues after the Olympic Games next month, share prices are expected to keep on rising.

At present, 480 stocks are listed on the exchange, with the top 10 accounting for 25.7 per cent of trading.

The main index, the Korea Composite Stock Price Index, tracks the performance of all the stocks.

Trading runs daily between 9.40 am and 11.40 am and between 1.20 pm and 3.20 pm, with a half-day session on Saturdays.

There is no official after hours trading, but any order executed before 3.20 pm on weekdays can be matched after that time, and business can often do continue into the evening. The exchange's trading system has been fully electronic for several years.

The South Korean Government has devised a substantial programme of listings to raise funds in the market, rather than through the banks, and to attract overseas holdings. The market is therefore destined to grow substantially, with an estimated 50 new quotations planned for this year.

A privatisation programme is also under way, aimed at spreading the benefits of the market. The authorities are keen to broaden the market before opening it to overseas investors.

At present, foreigners may participate only through two overseas funds listed on the London and New York stock exchanges, and through closed end unit trusts and convertible eurobonds.

All of these instruments trade at substantial premiums, reflecting the scarcity of investment opportunities for the overseas buyer.

Foreign investors keen to get

STOCK MARKET FACT CHART SOUTH KOREA

Market capitalisation: about won 42 trillion (\$1 = won 223, \$1 = won 1,239)
Number of shares listed: 480
Top 10 stocks, percentage of market: 25.7%
Trading hours: official - 9.40 am-11.40 am, 1.20 pm-3.20 pm, half-day Saturday; no after hours trading
Average daily turnover, 1988: \$200m
Main index: Korea Composite Stock Price Index (covers all stocks)
Current level of index: 710.61; 1988 high: 737.85 (9/6); 1988 low: 517.99 (1/1)
Settlement: three days
Address: 8 Korea Stock Exchange, 20 Yoido-dong Yongsong-gu, Seoul Tel: (02) 27 2271

into the market may have some time to wait, although an increase in the number of convertible bonds - and even a partial opening of the stock market - could be on the horizon.

The Olympic Games next month have tended to dominate government thinking and, if the economy continues strongly towards the end of the year, as the trends suggest, Seoul may be more likely to accede to foreign pressure.

The Korean stock market remains subject to government intervention, both by adjustment of the rules for brokerage houses, and other economic decisions. Recent examples include the imposition of new regulations to control speculation in the real estate market, something which should feed through into higher share prices.

The market has recently

shown more signs of reacting to economic fundamentals and political issues, such as the competitive bid for the Gulf and the liberalisation of trade with China, which can be expected to be of benefit to Korean companies.

It remains relatively insulated from world financial trends, however, and investors face a withholding tax of 16.5 per cent - or 18.5 per cent if the stock is held under an alias.

The market profiles series continues next week with a look at the Thailand stock exchange.

Maggie Ford

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Regional Markets, US Dollar Index, and Dollar Index. Lists various countries and their index values for August 17 and 16, 1988.

Base Index: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 123.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987

GUINNESS FLIGHT THE 1992 FUND. NOTHING IS SO POWERFUL AS AN IDEA WHOSE TIME HAS COME. '1992' symbolises the process, now being energetically pursued by the Member States, of creating a truly open and integrated market within the EC. Benefits to companies in the UK and throughout Europe will be substantial. They will include: Achievement of higher profits and return on capital through economies of scale. Expansion for strong, growth-orientated EC companies via acquisition of weaker ones (with benefit to shareholders in both). Access to Europe-wide public sector contracts in fields such as telecommunications equipment, through harmonisation of Member government purchasing procedures. Free marketing of highly-developed financial services across the whole population of the EC. The chance to build Europe-wide brands in food, beverage and toiletries markets. The security of a strong, unified home market from which companies can compete across the world on advantageous terms.